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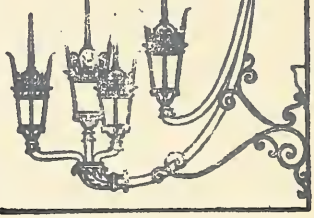

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Dividing The Pie

Resource Allocation To Urban Neighborhoods

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November 1980

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Introduction

In the last few decades American cities have taken on more and more responsibility for the health of their neighborhoods. With the advent of the Community Development Block Grant in 1974, this newly expanded role crystallized, as cities received from the Federal Government not only the funding but the authority to carry out their own neighborhood development programs.

While CD entitlements amount to only a small portion of any city's budget, the allocation of these funds to particular neighborhoods has occasioned more public debate in many cities than any other aspect of local spending. The funds are highly "visible" and they have taken on a symbolic value which makes their distribution one of the more difficult tasks in City Hall today. Competing interests and expectations, conflicts of equity and efficiency, and local political considerations all inevitably come into play. And there exists no proven method of neighborhood diagnosis and treatment to shore up the decisions that local officials make.

Cities across the country have been grappling with the problems of neighborhood resource allocation now for five years, and they have been doing so in relative isolation. While there has been some sharing of information, particularly about technical aspects of the program, no broader frame of reference has been developed, and no rules of thumb tell the policymaker what to expect in a given situation. Why is it, after all, that Baltimore's housing programs have

brought that city international acclaim, while similar efforts in Philadelphia have sparked so much controversy? What explains the contention that has surrounded the spending of Cleveland's CDBG budget, while Denver's citizen participation process functions with such apparent harmony? What does it mean that in one city the mention of "triage" can lead to public demonstrations, while in another it is practiced as a matter of course, even though no one has heard of the word? Why does the targeting of resources – increasingly emphasized in the federal CDBG mandate – present no problem in one situation, while in another it is almost impossible?

These are very difficult questions and this study does not attempt to provide the definitive answers to them. What it does attempt to provide, perhaps for the first time, is an informed perspective from which policy-makers can view such questions. It takes one by one the key issues involved in CDBG policy-making, analyzes them in light of the experience of twenty-eight cities and eight urban counties, and isolates a set of critical factors which determine the practices in any given jurisdiction.

The study was conducted jointly by the City of Boston and the Urban Consortium through questionnaires, telephone interviews, and site visits. Its point of view, as determined by the background of its investigators, is that of City Hall. Its intended audience is those people who are involved in various ways with their jurisdictions' policy decisions about neighborhood resource allocation. Such people wear many different hats and have many different titles – Assistant to the Mayor, Community Development Co-ordinator, Assistant City Manager for Policy Development, to name just a few. But they have a common consciousness, which is that of "neighborhoods," as the consciousness shared by a predecessor generation was that of "urban renewal." And they have a common set of problems which revolve around the complex task of allocating resources to neighborhoods.

This report is intended to help these local policy people deal better with the task of neighborhood resource allocation. It is founded on the belief that local officials will improve their lot if they better understand their current situation, what it is about their own environment that shapes their decisions, and how they compare with other jurisdictions and other contexts. It cannot be overstated that this report is not a "how to" manual or a cookbook of allocation practices. A fundamental conviction of this study is that each local environment is unique and that there are no simple "recipes" or easy answers to the difficult questions facing policy-makers.

The report is divided into the following chapters:

Cities and their Neighborhoods: The New Local Role reviews federal urban assistance from Urban Renewal through the New Federalism and describes how the Community Development Block Grant has created a new local role, caused a re-arrangement in the local government power structure and given focus to the phenomenon of "neighborhood."

Analyzing Neighborhoods examines the various ways in which local governments are proceeding with this fundamental step in the resource allocation process. It distinguishes between and comments upon four different approaches: informal analysis, citizen surveys, neighborhood classification and neighborhood monitoring.

Involving Citizens deals with the various ways in which local governments work with citizens in the area of community development. It considers the implications of citizen participation in the program development, implementation and evaluation phases of the resource allocation process.

Targeting focuses on a resource allocation trend that has gained considerable currency in the past few years and discusses how, while practicable in some major jurisdictions, a number of critical factors make targeting difficult or even undesirable in many others.

Beneficiaries is a consideration of the population groups that variously benefit from the allocation process in different jurisdictions: the low-income, moderate-income, middle-income, homeowners and renters. It discusses how CDBG, a program oriented to physical improvements, has fueled the "people/place" debate.

"Neighborhood Preservation" attempts to get at the different purposes that underlie the allocation of funds to neighborhoods. It deals with "neighborhood preservation" as an umbrella term that obscures three distinct strategies for neighborhoods: stabilizing, comforting and changing.

Selecting Neighborhood Treatments is a detailed review of the interventions most commonly employed by local governments in four types of neighborhoods. It comments upon the attention normally devoted to symptoms and conditions and proposes a means of better conceptualizing neighborhood market dynamics.

Leveraging looks at local government efforts to expand their community development resources beyond the Block Grant through cooperative ventures with the private sector, as well as through a variety of governance techniques. It discusses the advantages to be derived from traditional leveraging techniques like pump-priming to those of more recent public-private arrangements such as Neighborhood Housing Services. It also examines why some local governments are more inclined to leverage than others.

Different Practices, Different Places: The Context in which Allocation Decisions are Made discusses not the different practices but why the practices are different, providing a perspective on the circumstances which dictate the allocation experiences of different jurisdictions. With particular reference to six cities it presents a set of factors that shape the context for decision-making in any given jurisdiction and stresses that the interplay between available resources and local expectations of government has been and will continue to be the critical dynamic in neighborhood resource allocation.

Dividing Your Own Pie: A Self-Assessment Exercise for Local Policy-Makers is offered as a means by which local officials can reconsider the role of their own community development. Neighborhood analysis, leveraging, citizen involvement and so on are reviewed in a set of questions designed to elicit from the reader a better understanding of the context in which resource allocation decisions are made in his/her own jurisdiction.

At the conclusion of the report is a brief note on the history of the project. ■

Cities and Their Neighborhoods:

The New Local Role

"When I went to work for the city in 1957, all we were expected to do was to sweep the streets and pick up the garbage. Now they expect us to feed the kids breakfast, rebuild downtown, make the air and water clean, train the unemployed and who knows what all! And we're supposed to do all that without raising taxes."[1]

So said a local official at a conference previewing the Better Communities Act in 1973. While he might have been chided for failing to mention the enormous increase in federal urban aid since 1956, he did capture quite strikingly the sense of changed mission and enlarged responsibility felt by local governments. And that new role was expanded even more dramatically a year after his comment was made. In 1974, with the passage of the Community Development Block Grant, cities were charged with carrying out federally funded neighborhood development programs which the cities themselves would design. In permitting a much greater degree of discretion in the spending of urban aid, the federal government, at least in theory, was giving the cities a free hand.

One immediate result was the appearance of a new group of actors on the community development scene, as local officials assumed new levels of authori-

1
Quoted by Richard E. Hage, *Better Communities Act: The Cities Speak*. National League of Cities/US Conference of Mayors, Washington DC, US Government Printing Office, mimeo, April 1973.

ty. At the same time a new concern was developing, as the idea of *neighborhoods* moved into a more and more prominent place in the local consciousness. And yet, desirable as the shift of power and focus might appear from the point of view of local government, it has set up perhaps even greater expectations on the part of citizens and resulted in a number of very difficult choices for the local officials whose responsibility it is to make neighborhood resource allocation decisions.

Earlier federal programs of course have shaped the current situation, and an understanding of the events of the last twenty-five years can shed considerable light on the present position of local policymakers. It is important to keep in mind that the local role has been and will continue to be a function of the federal reading of urban problems and the ways to address them.

Recent Federal Urban Assistance: A Brief Review

The central component of federal aid to cities in the 1950's was the Urban Renewal Program. Founded on the belief that physical decay was the cause of city problems, Urban Renewal emphasized the rebuilding of downtowns and adjacent residential areas. Almost exclusively its concern was physical renewal rather than the "comprehensive treatment" approach that is popular today. To the extent that the program was locally administered, it allowed for a good deal of local planning, and the large scale of such efforts is visible today in the downtown areas of Philadelphia, San Francisco and Boston. Nevertheless, the federal government retained a high degree of control over the program. It was available only to those cities which applied for it and qualified according to federal guidelines. Once a city was selected for aid, it was subject to extensive federal regulations.

With President Johnson's War on Poverty, the analysis of the urban problem changed and the locus of decision-making responsibility shifted somewhat. Disadvantaged people rather than blighted areas were thought to be the heart of the matter, and a new federal agency, the Department of Housing and Urban Development, was created in 1966 to address the human as well as the physical aspects of urban decay. HUD set up the newly mandated Model Cities program, initially conceived as a limited demonstration but soon enlarged to include urban centers throughout the nation. A keystone of the Model Cities program was the belief that disadvantaged people must gain more control over their lives through greater understanding of and participation in "the process." This political element was seen as an essential complement to improved housing, job training, health care, schooling and the like. The make-up of Model Cities leadership tended to reflect this purpose. Unlike the boards of Urban Renewal authorities, which typically consisted of "pillars of the community," Model Cities programs were dominated by social activists and low-income citizens.

While local governments, in this new power equation, played an important part, those actors charged with implementing Model Cities programs were not based in City Hall, and they represented in fact a quasi-independent force on the local scene. In this regard the Model Cities agencies were scarcely different from the redevelopment authorities spawned a decade earlier by Urban Renewal. And again like Urban Renewal, Model Cities followed fairly detailed federal guidelines.

As the 1960's drew to a close, with a Republican Administration in power and the nation's energies and resources still concentrated on the Vietnam War, the federal role in addressing urban ills became gradually more passive. While federally-funded urban research went on apace, hindsight reveals that the new analyses and new energies were beginning to surface locally rather than in Washington. A new understanding of neighborhoods was catching on and altering the sense of a city's strengths and weaknesses. Areas once thought of as "slums" began to take on a new value, and Boston's demolition of its West End a decade earlier became the classic case of how not to renew a city. Jane Jacobs, Herbert Gans, and other observers had pointed out the human scale and social value of such communities and the sense of their importance began creeping into popular awareness. By the late 1960's neighborhood groups were beginning to organize against airport expansion, highway construction, bank red-lining, and general neglect on the part of local political establishments. Their cause, or at least their rhetoric, was soon taken up by office-holders

and office-seekers, and soon the politically astute side to be on was that of neighborhood residents against bulldozers and bankers. "Neighborhoods," however ill-defined, had taken their place in popular political thinking.

At the same time, local officials began lobbying the federal government for more discretion in the spending of urban assistance funds. It was argued that local control could better focus attention on the areas of need in each jurisdiction, and the new neighborhood note was sounded in support of this view. Neither Urban Renewal nor Model Cities had been originally designed with the aim of preserving the small communities within a given city, although the introduction of the Neighborhood Development Program, Federally Assisted Code Enforcement, and similar initiatives represented something of a move in this direction. It was now these communities, and these constituencies, which local government increasingly sought to serve. While this call for decentralization of federal control came mostly from the older cities of the Northeast and Midwest, its consequences – perhaps quite unintentionally – were felt in all of the larger jurisdictions of the country. The original impetus to salvage rather than demolish decaying neighborhoods became the power to assist as well neighborhoods where needs were more modest. The result in the mid-1970's was a distribution of urban aid, "hold harmless" provisions notwithstanding, quite different from what had taken place under either Urban Renewal or Model Cities.

The New Federalism And The Advent Of CDBG

The Community Development Block Grant came into existence in 1974 as part of the Nixon Administration's "New Federalism," which also brought General Revenue Sharing and CETA, the Comprehensive Employment and Training Act. The ostensible goal of the New Federalism was to improve the use of community development funds by giving greater discretion in their spending to local, elected officials. While the Administration's motives for this shift away from categorical programs such as Urban Renewal and Model Cities have been questioned, there is no doubt that the New Federalism was a shrewd political response to the charge that Washington had blundered, over-regulated and misspent in the community development area simply because it hadn't the sense of local needs that local officials have.

Indeed, the discretionary nature of CDBG was, at least initially, its most notable feature, but there are many aspects of the Block Grant that have proven almost as significant. First is the citizen participation requirement, which attracts a great deal of public attention to the allocation process. In the context of overall federal investment through provisions of the tax code, transfer payments, transportation, defense spending, and the like, CDBG is really a small pot of money, but its high visibility gives it a symbolic importance out of proportion to its actual size. Second, CDBG is a new resource for many cities, since it is available to far more jurisdictions than were eligible for Urban Renewal or Model Cities funding. Third, in many cities CDBG is perceived as the only source of funds appropriate to housing, social service, and economic development activities. Fourth, the Block Grant is responsible for triggering rapid and extensive rearrangement in the power structures of many local governments. And finally, it must be noted that CDBG supplied the crowning touch to the "neighborhood" era, lending legitimacy to a direction already taken in some jurisdictions and introducing the notion for the first time in others. As these last two points represent the most immediate concerns of local planners and policy-makers, they are taken up below in some detail.

The New Actors: Re-arranging The Local Government Power Structure

Although local chief executives had been gradually assuming a larger role in community development through programs such as Community Renewal and Neighborhood Development, as well as program modifications such as "planned variations," "annual arrangements" and "chief executive review and comment," few mayors or city managers were prepared for the new level of responsibility represented by CDBG. As the federal liaison officer of one West Coast city put it, "I kept telling the Mayor it was coming along and we'd better do something to get ready for it. Then one day I said, 'Hey, it's here!' and he said, 'Okay, you take it.' " If this story has a famil-

iar ring, it may be because, in the first place, the implications of CDBG were not immediately apparent to most elected officials, and in the second, CDBG was such a departure from the normal business of most local governments that they lacked the administrative capability to implement the program.

But CDBG evolved rapidly. Most chief executives soon came to see their political stake in the program, and the result was a perhaps quiet but certainly extensive rearrangement of the community development power structure.

Direct mayoral involvement in the community development process varies greatly from city to city. In Memphis the mayor remains fairly removed from the process; in Boston he involves himself in the larger decisions; in Baltimore he keeps tabs on the whole program, even the details. The Brookings Institution's review of the Block Grant shows the most common form of mayoral intervention taking place at critical points in the process – determining the general direction, deciding issues of political consequence, breaking deadlocks, and so on.[2] But whether their involvement is extensive or minimal, mayors and other chief executives have moved into a central position in terms of the overall community development power structure. The semi-autonomous boards of Urban Renewal and Model Cities agencies, their funding eliminated, have all but disappeared from the local scene. Though cities such as Pittsburgh and Baltimore turned over the CDBG programs to existing agencies, among larger cities this is far more the exception than the rule. In most cases the old agencies have been eliminated, absorbed by some new structure, or turned into the implementation arm of a CD program.

The new organizational arrangements vary widely. Cities such as Baltimore and Memphis have put together "super agencies"; other cities have evolved multiple-agency structures. In some cities, notably Philadelphia and Pittsburgh, mayoral development cabinets also play a part in the community development process. Most cities, in the sixth year of CDBG, are still making adjustments among and within the agencies charged with designing and implementing the program. Indeed, it appears that prolonged "fiddling" to work out the problems of efficiency, responsibility, and internal politics will be necessary in most places.

But whatever the specific local arrangements, whether of line departments or executive offices, it is clear that in most cases CDBG has meant a major consolidation of authority in the hands of the mayor or city manager. Local chief executives have gained not only at the expense of Urban Renewal and Model Cities autonomy but at the expense of local legislative authority as well. City Councils have taken up a secondary position in the new distribution of power. According to Brookings research, City Councils have expanded their involvement since the first years of CDBG, but they are still restricted to considering draft applications, holding public hearings, meeting individually with constituents, and approving the application prior to A-95 review.[3] The critical new actor on the local scene, with the political implications such an assumption of power contains, is clearly the chief executive.

The New Focus: The Neighborhood

In the course of only a few years, paralleling the first five years of CDBG, "neighborhood" has become something of an urban icon. An almost comic evidence is the remark of one candidate in a recent mayoral election who announced early in the campaign that *nobody* was going to "out-neighborhood" him.

But the relation between the new neighborhood consciousness and the CDBG is neither a direct one nor an easy one to trace. As noted above, the neighborhood consciousness leant its rhetoric to the call for local control of federal funding, but that call had its

2
The Brookings Institution, for the US Department of Housing and Urban Development, *Decentralizing Community Development*. Washington DC, US Government Printing Office, 1978, p 120.

3
Ibid., p 125.

own separate rationale. Indeed, the chief indicator of the murky connection between CDBG and the new importance of neighborhoods is the fact that CD funding has gone in many cases to areas that most people would not in the past have referred to as neighborhoods at all. Though it is a difficult term to pin down, it is hard to imagine the word defined broadly enough to encompass Chicago's ethnic enclaves and the various subdivisions of Arizona's Maricopa County. The fact is that, when CDBG money with its neighborhood tag, arrived in many jurisdictions, there were few or no areas generally thought of as neighborhoods, and planners had to designate certain areas as such in order to allocate funds to them. Now, if CDBG is thought of as purely neighborhood money, this situation is difficult to explain. But if CDBG is described as money for residential areas, the anomaly disappears. And in fact, CDBG has gone largely to such areas. A few cities have allocated CD money to their downtowns, but the great majority have used it to improve their residential areas.

CDBG, then, encompasses a much larger segment of our urban and even suburban population than its link to the idea of "neighborhoods" might suggest. Despite the fact that CD funding is intended principally for those at the lower end of the income scale, the new program has extended federal assistance to many more areas than the categorical programs it replaced.

On a day-to-day basis what this means for the local administrator is tougher and tougher decisions. If virtually every citizen now lives in a neighborhood, no matter how recently the designation has been applied, and if every citizen is at least potentially an actor in the decision-making process, selecting whom to help and whom not to becomes extremely difficult. It is in this context that some local officials have felt compelled to practice "triage" – despite the fact that many apparently hopeless residential areas might more accurately be thought of as real neighborhoods than areas that are being assisted.

Thus the growth of the neighborhood ideal alongside the call for more local power has created its own problems. These trends are in fact odd bedfellows, since the preservation of neighborhoods calls for a concentration of money in particular areas, while the shift of power to local governments results in pressure to serve a larger number of constituents. It is often the local policy-maker, operating between professional assessments of need and the political pressures of rising citizen expectations, who is caught in the bind.

The New Local Role: Making The Neighborhood Resource Allocation Decisions

From the routine housekeeping function that characterized municipal government thirty years ago, local officials have seen significant additions to their realm of responsibility. With categorical funding, local government assumed the role of conduit for federal assistance to urban areas. Today CDBG has expanded that role to the design and implementation of numerous new services to the urban constituency. The tremendous expansion of local government's efforts in the housing rehabilitation area is just one example; major new responsibilities have also been undertaken in the area of economic development. CDBG has produced a new locus of authority and accountability for community development, as power shifted to local governments; a new set of actors on the community development stage, as chief executives absorbed power once vested in semi-autonomous boards; a new focus of attention, as the neighborhood idea gathered momentum at the same time that CDBG came into being; and perhaps most important to the local practitioner, a new set of decisions to be tackled at the local level.

The next several chapters discuss in some detail these decisions and the ways in which a number of cities and urban counties have dealt with them. ■

Analyzing Neighborhoods

Under earlier federal programs such as Urban Renewal, Model Cities, and Federally Assisted Code Enforcement, local policy-makers felt little need to distinguish among every section or residential area of their cities. A fairly cursory inspection of the relevant U.S. Census data would readily indicate the limited number of areas meeting strict federal guidelines. But with the expansion of eligibility under the Community Development Block Grant and the transfer of a certain amount of decision-making authority to the local level, policy-makers faced the need for more and different kinds of information than the Census alone could provide. Thus a local analysis of neighborhoods became the initial step in the new resource allocation process.

As already noted, "neighborhood" was hardly an operational concept in numerous jurisdictions at the inception of CDBG. Though long a reality in older cities of the Northeast and Midwest the term had little meaning for planners elsewhere. Yet in a remarkably short time, neighborhoods have become a critical part of the planning vocabulary throughout the country. Whether in areas where the neighborhood has long been a vital factor, or in areas where the subdivision is a more relevant entity, officials today rarely complain that "neighborhood" is an inappropriate or unreasonable concept with which to work.

This wide acceptance is attributable in part to the broad meaning the term has taken on. Though the

past few years have witnessed considerable academic debate as to the definition, in practice "neighborhoods" are defined in a number of ways. In Boston, for example, many consider Dorchester a single neighborhood of 160,000 people. Yet residents of that area will identify a much smaller conglomeration of people as members of a particular neighborhood. Race, ethnicity, parish and housing type all enter into these distinctions. In Kansas City, Memphis, and Phoenix, all of which have experienced growth in recent years, the older, inner areas have fairly well defined neighborhoods, with boundaries drawn according to housing stock, resident organizations or physical/topographical characteristics, but the new areas enjoy much less clear delineation. Within urban counties, the concept of neighborhood is even more difficult to apply, with incorporated towns or residential subdivisions the more natural unit for allocation purposes. But in all these areas planners and policy-makers have begun thinking of their various residential areas as neighborhoods and are basing new allocation decisions on some understanding of that term.

To encourage this acceptance, the Department of Housing and Urban Development had, in the first few years of CDBG, offered to fund entitlement jurisdictions to purchase R L Polk & Company's *Profiles of Change.* The US Census had proved somewhat inappropriate to the new needs, and the assumption was that the Polk data would provide more current information on neighborhoods and the dynamics occurring within them. HUD also engaged the Real Estate Research Corporation (RERC) to develop a better framework than had previously existed for understanding these dynamics of neighborhood change.

It was hoped that these two moves on HUD's part would provide local policy-makers with the neighborhood-specific data and theory of neighborhood dynamics necessary to determine appropriate public interventions. However, the experience with both Polk and RERC's work has been decidedly mixed.

The Polk system came under fire for the quality of its raw data, the assumptions upon which it was based, and the omission of key factors such as race. And RERC was criticized on several accounts. First, its five stage continuum of neighborhood change suggested that change was inevitably for the worse. Yet in many cities around the country, neighborhoods had been recovering without public intervention. Second, RERC propounded the notion that public intervention was more cost-effective in the earlier stages of neighborhood decline than in the later ones. At a series of regional workshops RERC spokesmen drove home this point with the medical analogy of "triage," a policy according to which only casualties with a good chance of recovery are treated. But the social and political implications of such a policy as applied to neighborhoods aroused considerable controversy.

Thus it is without any accepted theory of neighborhood dynamics or any widely endorsed body of neighborhood-specific data that jurisdictions have proceeded with the task of neighborhood analysis. The result is a wide array of approaches determined chiefly by the context in which they have evolved. While some cities place greater emphasis on public need as it is perceived by their citizens, others tend generally toward more disinterested indicators of need. Cities of the first type normally rely on an informal analysis of their neighborhoods or a citizen survey; cities of the second type are likely to develop a set of neighborhood classifications, or more elaborately, a system for monitoring neighborhood change. A city's political climate and tradition are critical factors in determining this basic orientation.

Informal Analysis

All jurisdictions rely to some extent on informal sources of information regarding conditions and needs in their neighborhoods, but in some cases the blend of intuition, experience, and grassroots contacts that constitutes an informal analysis is the primary mode of determining funding priorities. Local policymakers are particularly apt to rely on personal familiarity with various neighborhoods in cities where community development agencies and planning departments are structured internally by geographic area. The planner as resident of a city may also base professional decisions on his/her first-hand knowledge of neighborhood conditions.

Information is gathered informally from a number of other sources as well. The established citizen participation process in any jurisdiction, the lobbying

of interest groups and neighborhood organizations, and sometimes just the informal network between individual planner, politician and resident may surface information about neighborhood conditions or bring to the fore a particular neighborhood issue. And in cities with a strong political system of wards and precincts, precinct captains can provide City Hall leadership with a useful reading of neighborhood conditions and needs.

As some of the most successful neighborhood preservation programs in the country are based on such informal analyses, it is clear that matters of critical importance to the viability of urban neighborhoods can be determined in this manner. What such an approach lacks in the way of statistical analysis and objective standards, it makes up for in its grasp of the importance of meeting citizen expectations of government. This factor appears to play a basic, perhaps decisive role in the effective allocation of neighborhood resources.

Citizen Surveys

While the citizen survey approach does provide an opportunity to gather data on more objective conditions, its primary purpose is usually to "take the pulse" of a neighborhood. By assessing citizen priorities and attitudes in a systematic way, it represents a refinement of the informal analysis approach described above. Dallas, New Orleans, and Boston are among the cities that have undertaken such surveys.

> *Dallas conducts an annual survey of residents. Referred to as the* City Profile, *the survey has several purposes. It measures public assessment of city services and these findings weigh heavily in the City Council's annual budget process. It allows the city staff to determine whether program changes have had their intended effect. By conducting interviews on site, those administering the survey are also able to complete an exterior housing condition evaluation. The survey has been conducted every year since 1974, when it was devised with a 701 Planning Grant, and has helped the city identify recurring trends of changing attitudes. A one-percent sample of households taken in even numbered years permits both a citywide assessment of services and inter-neighborhood comparisons. A local market research firm is engaged to conduct the survey, on the theory that a private contractor can complete the entire survey process much faster than in-house staff.*
>
> *New Orleans has been conducting a similar survey every other year since 1975. Residents are questioned on their perceptions of the area in which they live as well as of the city as a whole. They are asked to rate services, housing, the environment, crime control, and human services, and to supply information about employment and income. The survey is developed by the Analysis Unit of the city's Office of Policy Planning. The telephone interviewing is conducted by an independent contractor and paid for out of the city's CDBG entitlement.*
>
> *Boston has in recent years conducted two resident surveys to ascertain attitudes toward both the city and individual neighborhoods. The surveys provided the city with a basic population profile and indicated particular demographic variations among neighborhoods. They enabled city staff to evaluate the acceptability and impact of community development activities and concepts still in the planning stages and also to assess the strengths and weaknesses of current programs. A series of questions also provided staff with a close reading of resident confidence – toward both the city as a whole and respective neighborhoods. The city contracted with national survey research companies to conduct this survey of approximately 2,500 interviews. Sampling first in 1977 and again in 1978 provided local planners with very useful information on changing neighborhood perceptions.*

The survey mechanism thus described can be a useful tool in the neighborhood resource allocation process. Obviously, the citizen perceptions it assesses will not assist jurisdictions in completing sections of federal grant applications calling for objective meas-

ures of need. However, in a jurisdiction where citizen expectations of City Hall far exceed available government resources, the survey can provide one way of ordering competing demands and setting up neighborhood funding priorities.

Neighborhood Classification

Informal analyses and neighborhood opinion surveys represent one general approach to the ordering of allocation priorities. A very different approach is that which begins with the US Census and goes on to rank all neighborhoods within a jurisdiction in accordance with various objectively determined standards of need.

Of course all jurisdictions participating in the Block Grant use Census information to complete their applications. The unit of analysis is the census tract, and where accepted neighborhood boundaries fail to conform to tract boundaries, approximations and prorating of data are the common practice. To compensate for the fact that the Census is conducted only once every decade, estimates and projections are developed for intervening years. The Census differs from informal information sources by the extremely detailed, highly quantified and far more extensive nature of the data collected. But more important, where informal analyses or citizen surveys concentrate on the expectations of citizens and their perceptions of local need, the Census deals more directly with actual conditions.

While most jurisdictions have employed the Census as a basic source of information about their neighborhoods, others have taken it a step further, using the data to review every neighborhood within their boundaries and subsequently ranking them according to need. Where the Census data have been felt to be inadequate to this purpose, other information sources have been incorporated into the data base. Dade County, Prince George's County and Milwaukee are three jurisdictions that classified their neighborhoods this way.

> *Dade County staff in 1975 borrowed the Real Estate Research Corporation's five stage neighborhood classification scheme. Staff augmented 1970 US Census data with 1976 updated income data and neighborhood perception material to indicate where each neighborhood ranked in the decline process. The County subsequently selected target areas for CDBG funding according to where they fit on the scale. The process undertaken by county staff was publicized via a colorful public relations document on residential revitalization. The document does not reveal specific neighborhood ratings but does stress recognizing where a neighborhood falls along the decline continuum and the importance of appropriate and timely intervention.*

> *Prince George's County, a partially built-up urban county near Washington, DC, also classified neighborhoods but along two dimensions. Using 1970 Census data, and a 1973 survey of housing conditions, the County's 500 square miles were divided into separate units of analysis averaging 1,300 single family units each. Neighborhood Improvement Areas targeted for CDBG funding were identified in terms of present conditions and anticipated future dynamics – for example, "marginal deterioration: anticipate improvement and stabilization," "fair condition: continuing deterioration." The inclusion of these ratings explicitly applied to specific neighborhoods in the county CDBG application is in sharp contrast to the Dade County approach and in fact to the euphemisms resorted to in most CDBG applications when discussing declining areas.*

> *Milwaukee, somewhat surprisingly for a city of its age, has relatively few areas with any commonly perceived identity. In 1975 the Department of City Development devised a system to distinguish between areas of the city as part of its comprehensive planning effort. The Relative Residential Status (RRS) system draws largely upon locally generated data – a local housing condition survey, R L Polk data, building department statistics, tax assessments records and state tax data. It considers housing value, assessed values, multi-family units, occupancy, vacancies, owner-occupancy, etc. Similar real*

estate markets have been identified and ranked by a mathematical formula which combines all factors into one of six residential conditions. The various classifications have implications for the type of treatment received and the timing and arrival of programs and improvements for different sections of the city.

The classification of neighborhoods in Dade County, Prince George's County, and Milwaukee was undertaken to help determine neighborhood boundaries and order funding priorities. While in all of the cited cases Census information has been up-dated with information from local sources, the original exercise has not been repeated. Such methods of neighborhood analysis then do not enable jurisdictions to monitor neighborhoods in a manner that keeps pace with the rate of change occurring within them. Some cities have, however, devised ways to provide themselves with that capacity.

Neighborhood Monitoring

Neighborhood change is a process to which policy-makers in major jurisdictions have become more and more sensitive in recent years. The unexpected return of demand to some severely disinvested neighborhoods has made it clear that neighborhood change is a complex phenomenon with important implications for the allocation of resources. A substandard housing unit in a neighborhood where disinvestment is occurring requires a very different form of public intervention from one in a neighborhood where the housing market is heating up. However elusive their causes, such changes are becoming a basic consideration in public policy formulation. In addition to changes occurring within a neighborhood there is another aspect of neighborhood change about which local officials may want to remain informed. Neighborhood boundaries are not necessarily static and can easily shift, for instance in accordance with the movement of a homogeneous racial or ethnic group. The new methods of tracking neighborhood change that have been developed in some jurisdictions are designed to help local planners keep abreast of these often subtle yet important dynamics. Neighborhood monitoring systems tend to rely on locally collected data because the Census, though useful, is not entirely appropriate to the needs of policy-makers. The geographic units of analysis employed by the Census are either not coterminous with neighborhoods or are lacking in certain important data.[1] The Census also precludes some simple but useful cross-tabulations. Census data, for example, will indicate that "x percent of mover households were renters" and that "y percent of mover households had incomes below $5,000," but will not reveal how many movers were renters with low incomes. But perhaps the overriding objection to the Census is the fact that it is conducted only once every ten years and that neighborhood evolution is now proceeding at a much more rapid pace.

Neighborhood monitoring systems are usually designed to overcome these difficulties by organizing information on a parcel by parcel rather than tract by tract basis, by incorporating local records of land use, property sales, zoning changes, or other significant data, and by carrying out annual or even semi-annual updatings to keep the system current.

> *Denver, for example, has developed a Land-Use Information System which helps its planners monitor physical change, incorporates data on land use, zoning, assessment, physical improvements, etc. The Assessor's Office collects on an ongoing basis building permit, property transaction, rezoning and field inspection information with which the Planning Office makes a semi-annual update to its data base. The data collected is site specific, permitting aggregation to the census block, tract, neighborhood, councilmanic district, etc. The city uses this data in various ways, including: (a) to replace windshield surveys as a means of land-use mapping; (b) to gather information on the number and types of housing units in each neighborhood as a base for an annual popula-*

1 The Neighborhood Statistics Program of the 1980 U.S. Census is being offered to jurisdictions in order to provide a data base that conforms to recognized local neighborhood boundaries.

tion estimate and also for pre-and post-analysis of the impact of city programs on stabilizing housing values; and (c) most recently, to monitor condominium conversion in various neighborhoods.

Memphis developed a Housing and Environmental Quality Index in anticipation of its receipt of CDBG funds. The process identified 142 potential priority areas for funding by examining for each area: boundaries, neighborhood organization, land-use patterns, transportation, environmental quality, housing, parks, public facilities, capital improvements, population characteristics, and current needs. Staff relied extensively on surveys and R L Polk data as their information base, which is computerized and updated every two years. The data has been used to characterize neighborhoods as: 1) Maintenance: minimal efforts required to bring up to standard; (2) Maintenance and Minor Rehabilitation: declining areas requiring attention to halt further deterioration; 3) Major Rehabilitation and Minor Redevelopment: deteriorated areas where rehabilitation is feasible at considerable cost; 4) Major Redevelopment: areas requiring substantial clearance or total redevelopment.

R L Polk's *Profiles of Change* is incorporated into the Memphis system above but it can also be used independently of such systems and is widely available.

R L Polk and Company's Profiles of Change *package can be developed by the company's urban statistical division anywhere its annual street directory is compiled. The package develops Neighborhood Situation Ratings based on a combination of over a dozen factors collected by their annual surveys and put on tape. Neighborhood Change Ratings emerge by comparing factors from two consecutive enumerations. Polk has devised a complex weighting function to combine all factors into one index of change. As mentioned earlier, Polk data has its critics, but the system does provide simple and straightforward indications of year-by-year changes at the neighborhood level and is readily available for most jurisdictions.*

Sentiments Or Statistics

Neighborhood analyses as currently undertaken in major jurisdictions tend, with varying degrees of elaboration, to proceed along the two general lines described above: one stressing the importance of determining citizen sentiment on a broad range of programs and issues, and the other relying more heavily on objective, quantifiable indicators of condition. There is, it should be pointed out, no currently known correlation between the type of analysis employed by a jurisdiction and its degree of success in prescribing neighborhood treatments. All jurisdictions use informal analyses to some degree, of course, but as approaches in various places become more and more systematized, it is worth noting that a city as highly regarded for its neighborhood revitalization efforts as Baltimore continues to use the informal method, relying almost solely on the close ties between city administration and the neighborhoods.

It does appear, however, that cities which have classified or monitored their neighborhoods have a good grasp of relative neighborhood need. This is particularly the case with cities that have experimented with local data sources. They have organized information according to locally accepted neighborhood boundaries rather than census tracts and have developed data more appropriate to the resource allocation process than that contained in the otherwise more malleable census block statistics. While planners in jurisdictions which had not classified their neighborhoods might extol the merits of having a good intuitive "feel" for a neighborhood, they would not dispute that Memphis, Milwaukee and other jurisdictions with extensive local data bases enjoy a superior statistical knowledge of their neighborhoods.

There are, however, a number of potential problems to be considered by jurisdictions planning to classify or monitor neighborhoods more systematically than they have in the past. In the first place, an elaborate system may be prohibitively expensive to establish and maintain. ("If you're a near bankrupt metropolis," as one official summed it up, "you don't buy computer time on a regular basis.") Also there is

the danger of data collection becoming an end in itself, while the original purpose for assembling the information becomes obscured. In addition, there are numerous aspects of the neighborhood resource allocation process that do not readily lend themselves to quantification. The experience of Memphis is a case in point.

For the first years of CD funding, Memphis used its detailed Housing and Environmental Quality Index as an almost exclusive guide to allocating funds. But soon an amorphous criterion called "neighborhood readiness" began to weigh heavily. It turned out that the extent of neighborhood organization had as much to do with the successful allocation of funds as any of the measures in the Index. When the Memphis planners realized the importance of neighborhood readiness, they tried to incorporate it into the index; however, it soon became clear that this was perhaps more important than any of the quantifiable variables upon which the system had been constructed. This insight has led the city to use its classification system only to rank those neighborhoods which have the organizational capability to approach the city for funding. Technical assistance has been made available to help neighborhoods not now funded to organize so that they can qualify for consideration in the ranking process.

It is worth noting that it is mainly the older cities of the Northeast and Midwest that have not developed formal systems of classifying or monitoring neighborhoods. As noted above, in such cities separate and distinct neighborhoods have long been a reality. Many of the newer, growing jurisdictions had to start from scratch and more or less invent "neighborhoods" for the purpose of allocating funds to them. In these cities it turned out that identifying areas as neighborhoods was an important initial task. The analysis led very easily into the relatively simple second stage of ranking the neighborhoods according to need. It follows, then, that the older cities would feel less compelled to engage in an elaborate and extensive classification process when one of the major outcomes of such an exercise is already known to them.

Perhaps a more important point is that for many older cities, making invidious distinctions between neighborhoods may have undesirable public consequences. The serious danger of creating self-fulfilling prophecies may well be the main reason that many cities have not undertaken such systems. When Milwaukee implemented its Relative Residential Status system, residents in one of the areas took issue with the phrase "market beginning to falter" as applied to their neighborhood. They eventually forced its retraction. Another neighborhood challenged its designation and won an innocuous "Special Study Area" label, or as residents put it, "specially ornery."

Citizens and officials see other dangers in classifying neighborhoods. Investors, lenders, and even residents may be too easily stampeded by hints of instability or deterioration. Officials recall too well their experience with redlining, when the mere rumor of a neighborhood being redlined would precipitate deterioration, loss of confidence, and disinvestment. And then too, there is the simple fact that residents do not want to hear that they live in a declining or even endangered neighborhood. Officials fear that thus stigmatizing neighborhoods will make them less receptive to government efforts to remedy their problems. And there are negative implications for neighborhoods at both ends of the conditions spectrum. In places where some funds are now allocated to almost every neighborhood, a new system would doubtless indicate that better-off neighborhoods which had been receiving CDBG monies would no longer be eligible.

Despite these potential pitfalls, many planners and policy-makers are attracted to the idea of classifying and particularly monitoring neighborhoods. It is commonly believed that such systematization can produce reasoned rather than instinctive or "merely political" responses to neighborhood problems. If, as is being forecast, the future promises fewer public resources to tackle urban ills, even more local officials may want to rely on a solid data base to help them make particularly difficult decisions. Nevertheless, while solid data can help enormously in pinpointing problems and informing public debate, they can never replace the basically political foundation of resource allocation decisions. These decisions are as inescapably political as any that determine "who gets what." The manner in which any jurisdiction makes them will be determined more than anything else by local political traditions and the consensus of citizen opinion upon which local government rests. ■

Involving Citizens

Involving citizens is seen by many local officials as an integral and essential element of the neighborhood resource allocation process. Citizen participation is, of course, mandated by the federal government for any jurisdiction receiving CDBG funds, yet the involvement of citizens in neighborhood improvement efforts can and frequently does extend beyond minimum HUD requirements. Indeed, there is a widely held belief among advocates of citizen participation that the lasting success of neighborhood development programs depends largely upon the involvement of residents who have a stake in their neighborhood's future. Nevertheless, the citizen participation requirement is seen by quite a few local officials as little more than a chore that accompanies federal money.

In the past, many cities were organized by political machines with precinct captains who knew the neighborhoods, their problems and their people. The deficiencies of this political system are now well known and it has all but disappeared. However, there are few who would disagree that it brought local government closer to the people and made it in some ways more accountable. Twentieth century reforms designed to encourage efficiency and reduce corruption ushered in at-large councils, non-partisan elections, centralized bureaucracies, city managers, civil service, and so on. Such reforms may or may not have accomplished their stated objectives, but one effect they clearly have had is to place local governments at a

greater remove from their citizens.

Against such a backdrop, it is hardly surprising that individual citizens, neighborhood organizations, and special interest groups began to protest the actions of a seemingly detached and indifferent local government. It was highway construction and Urban Renewal demolition that brought to a head this sense of neglect, and in the 1950's government began responding to the need for citizen participation in decisions affecting neighborhoods. But federal regulations and opportunities for citizen participation that began to emerge under the Urban Renewal program often gave rise to little more than "blue-ribbon committees." It was not until the 1960's that the Economic Opportunity Act and the Demonstration Cities and Metropolitan Act called for "maximum feasible participation" and "widespread participation." These programs led to a much greater range and depth than ever before of government-sanctioned citizen participation activity at the local level. In fact, some local elected officials charged that such participation went to excess and threatened their ability to carry out their responsibilities to the public at large.

The current citizen participation regulations of the CDBG program require jurisdictions to develop and implement participation plans that meet certain general standards, although actual processes and structures are not specified. The regulations do not remove the responsibility for making the final program decisions from local elected officials, but they do stress that citizens be granted an advisory role in planning, implementing and assessing the program. They further require local community development staff to provide citizens with adequate information on the program and to hold at least three public hearings.

With this rather vague federal mandate to guide them, the major urban jurisdictions of the US have spawned a number of very different forms of citizen participation, ranging from traditional modes of political pressure to considerable community control of resources and programs. The role of citizens can be formal or informal, structured or unstructured, and it can be restricted to CDBG matters only or can embrace a broader set of issues.

This discussion examines how jurisdictions have engaged citizens in three stages of the neighborhood resource allocation process: program development, program implementation, and program evaluation. Citizens have always been involved in the first of these phases; indeed, involvement in program development is what "citizen participation" has come to mean in all jurisdictions. Participation in the program implementation stage, which is not required by HUD, is less widespread but rapidly gaining in popularity, as evidenced by the burgeoning role of community development corporations and non-profit organizations. The third stage, program evaluation, is a relatively new one in which HUD is requiring citizen involvement. But since few cities have yet evolved their program evaluation process to a significant degree, there is minimal opportunity for citizen participation in this area.

The degree to which citizens are involved in these stages of the neighborhood resource allocation process varies considerably among jurisdictions, and of course no jurisdiction has developed the perfect model. In each locality the citizen participation process reflects the social, economic, and political context that has shaped it and continues to shape it. A jurisdiction's prior experience with federal programs is an important determinant but perhaps equally important are its traditions of public-private-community interaction, its particular set of neighborhood problems, and its resources available for community development.

Program Development

"Citizen participation" has traditionally referred to the involvement of citizens in the program development stage of the allocation process. This stage encompasses the identification of problems and needs and the transmuting of these into appropriate interventions. It involves fashioning individual neighborhood treatments and developing a jurisdiction's overall neighborhood improvement program.

Just how citizens are involved in this stage of the process varies considerably from jurisdiction to jurisdiction. Some localities have established advisory boards in particular neighborhoods, others have created citywide structures, and yet others rely exclusively on public hearings as the formal participation mechanism. In some places more informal channels of

participation are as significant as the officially sanctioned structures.

The neighborhood and citywide advisory board structure are most readily distinguished from the public hearings process by the fact that they engage citizens in the resource allocation process on an ongoing basis. In this way they extend citizen involvement beyond a simple airing of concerns to an active role either in preparing plans and programs for a given neighborhood or developing a city's entire neighborhood development effort. Typical of jurisdictions with neighborhood boards is:

> *Jacksonville, where citizens participate in voluntary groups in designated CDBG target areas. So minimal was the level of citizen interest and awareness at the outset of the CDBG program that Jacksonville officials had to undertake an almost missionary effort to organize residents. Staff has since provided technical assistance to residents in the development of plans and program details for each target neighborhood.*
>
> *The city has fostered additional neighborhood organizational development in other areas by indicating that prior existence of a strong resident organization is to be a major criterion for future target area designation. New groups are preparing their own neighborhood plans with technical assistance from local universities and a CD-funded Neighborhood Resource Center.*

Perhaps the premier example of a citywide advisory board is:

> *Denver, where the Mayor's Advisory Council (MAC) is an appointed body of twenty-seven members. City Councilors each appoint members from their districts and two members are appointed at large – thirteen in all. The Mayor appoints fourteen members each with a specific functional expertise. The MAC reviews all proposals, sets priorities, and makes the allocation decisions, not just about CDBG but also about UDAG and other funds. Neighborhood hearings are held by MAC in order to inform local residents of MAC decisions and to hear local concerns.*
>
> *In the past four years, the Mayor has rarely overturned a MAC decision. As a result, he has avoided criticism over particular decisions and yet has received credit for opening up city government.*

Numerous jurisdictions have developed variations on Jacksonville's neighborhood board format. Memphis conducted a similarly aggressive outreach effort, sending "town criers" into neighborhoods and assigning speakers to address Sunday church congregations. Target area residents now work with city-funded consultants to develop priorities and details for improvement programs in their neighborhoods. In Dade County, citizens in CD target areas have a choice of electing a fifteen-to-twenty member CD committee or a target area chairperson who convenes an open town hall meeting. In either case, citizens work with the county staff in drawing up neighborhood plans. Atlanta citizens participate in Neighborhood Planning Units established by a city charter reform in 1974. These bodies, which exist in every section of the city, draw up five-year plans not only for CD funding but for all neighborhood land use and capital improvement needs. As in Jacksonville, Dade County and Memphis, technical assistance is provided by Atlanta's planning department and by a community design center.

In addition to these neighborhood boards, Jacksonville, Memphis, and Dade County all have citywide advisory councils. They are constituted like Denver's MAC, with representatives of target areas, business interests, and civic organizations as well as municipal department heads. The bodies typically advise staff in developing guidelines for resource allocation decisions, selecting additional target areas, determining rough neighborhood budgets and making final recommendations to City or County Councils. Citywide boards such as these are potentially powerful structures, but among major jurisdictions the authority wielded by the Denver MAC is unusual. A more modest citywide board is San Francisco's Citizen's Committee on Community Development (CCCD), a body appointed by the mayor to provide rough geographic representation of the different sections of the city. Although Project Area Committees do exist in

San Francisco's ongoing redevelopment areas, the citywide board is the primary focus of participation. The CCCD convenes its own regional hearings on the Block Grant and meets individually with members of the Board of Supervisors to reach compromises before the latter hold their final review of the annual CDBG application.

In jurisdictions that have established neighborhood boards, citywide boards or a combination of both, local officials appear to be welcoming and even nurturing participation by opening up the decision-making process and providing funding and technical assistance. Implicit in the decision to establish such boards are the assumptions that residents have a right to at least partial self-determination and that more constructive involvement of citizens in the program development phase will mean greater community commitment to sustaining a jurisdiction's neighborhood investments.

The citizen advisory board format, however, has not been adopted by all major jurisdictions. Indeed, for many cities the public hearings process is the primary formal vehicle for participation.

> *Boston has relied exclusively on public hearings. Meetings are held in every district to solicit citizen input and proposals for funding. Neighborhood planning teams review each proposal and aggregate those deemed eligible, along with those from line departments, into the Neighborhood Improvement Program (NIP). The City Council conducts hearings for each district and these serve primarily as an appeals process for proposals not included in the NIP developed by staff.*
>
> *The public hearings are open to all residents in a given district and attendance is enthusiastic. Many more proposals are submitted than can be funded, and the high demand for services and programs is met in part by combining capital and CDBG funds.*
>
> *Seattle also employs the public hearings mechanism to gain citizen input on the city's Capital Improvment Plan – a program funded like Boston's from both CDBG and Capital Budget monies. The city sends out a newspaper document describing the plan, and residents are encouraged to comment through a series of public hearings on the goals and direction of the program. In addition, citizens are asked to submit specific proposals consistent with the Policy Plan.*

Advocates of greater citizen involvement in the resource allocation process claim that by relying exclusively on public hearings a city is either deliberately minimizing participation or failing to recognize its utility. Often where hearings are employed the citizen role is competitive among groups and appears more reactive to government initiatives than it does where the board structure exists. Citizens are not being provided with real opportunities to think in comprehensive terms about neighborhood or citywide needs or to help translate these needs into appropriate programs. But even where public hearings lead to what have been called "citizen wish lists" or "free for alls," there may be as much citizen participation as in cities with ongoing boards. It must be pointed out that jurisdictions with neighborhood boards provide citizens living outside target areas with very limited options for participation. And furthermore, where citywide boards are appointed, citizens may have to rely on representatives they themselves would not have chosen. Whatever their other deficiencies, public hearings do not restrict participation in this way.

The standard political lobbying process has also to be taken into account as a mode of citizen involvement in those cities without neighborhood or citywide boards. Of course, citizen sentiment surfaces in every jurisdiction to some extent through a variety of channels outside the officially established one. As noted in the "Analyzing Neighborhoods" chapter, neighborhood organizations, civic groups, merchant associations, churches and individual relationships between citizens and local officials are all means of citizen access to the decision-making process. Where public hearings provide the major forum for participation, well-mobilized community groups have often demonstrated their capacity as vocal and effective lobbying forces in the allocation process. Social activist groups, such as those based on the Alinsky model, have

demonstrated the power of citizen groups to influence decisions. And the relationship between citizen groups and City Hall need not be entirely adversarial in order to be effective. The Pittsburgh Neighborhood Alliance, a coalition of thirty-five neighborhood organizations is a good example of a cooperative relationship. The city's recent decisions to convene a workshop to consider ways of improving the participation process and to fund the Alliance to provide a CDBG newsletter are testimony to the group's mounting influence and credibility.

The form of citizen involvement at the program development stage appears to be a reflection of the basic relationship between citizens and their local government. Where relations have been peaceful and where prior federal urban assistance has neither antagonized citizens nor served to increase their dependence on government assistance, local staff has had to "go out and beat the bushes looking for folks to participate," as an official in one such city remarked. Elsewhere, as soon as a new funding source is announced, City Hall is swamped by well-informed, highly-politicized citizens competing for a share.

In the first type of jurisdiction, officials appear to welcome participation, viewing it as positive and constructive. Because expectations of government are generally modest, they can be reconciled more readily to the available resources and a consensus on appropriate expenditures can be achieved. In the second type of jursidiction, officials see citizen participation requirements as a burden. Citizens both need and want more than is available and they are often politicized enough, sometimes angry enough, to make their demands felt. There is little consensus, and citizens are frequently at odds with both City Hall and each other. While Jacksonville and Memphis have neighborhoods willing to "wait in line" for funds, Boston, Cleveland, Chicago and Pittsburgh officials would find it politically impossible to organize the needs and rights of their respective neighborhoods into any such sequence.

Harmonious citizen-government relationships and citizen advisory boards appear to be common to the newer, growing jurisdictions of the West and South, while tensions, unmet expectations and public hearings seem to characterize citizen involvement in older cities of the Northeast and Midwest. Such patterns suggest that a city's socio-economic condition determines the form of citizen participation that evolves, and indeed this may be largely true. But there are enough exceptions to this rule to suggest that other factors too are at work. Philadelphia has both neighborhood boards and a citywide board, but that city does not have the harmonious citizen-government relations usually associated with these structures. Baltimore too has the neighborhood boards more likely to be found in newer, growing cities than in older, more troubled ones. Denver, despite its prosperity, has not always had the peaceful relations it now has with the MAC.

While the balance between the needs of citizens and the resources available to City Hall to meet those needs will strongly influence the quality of citizen-government relations and the type of citizen participation structure that develops in consequence, it must be recognized that a host of other factors can intervene to alter the local pattern.

Program Implementation

While citizen participation is normally thought of as involvement in the program development phase of the resource allocation process, the current trend is toward increased involvement in the implementation stage as well. Local governments are beginning to recognize the advantages of funding neighborhood organizations to operate programs, and HUD, though granting local governments sign-off authority, has begun to fund such groups directly, under the Neighborhood Self-Help Program.

Engaging neighborhood-based organizations in implementation offers leveraging benefits in the form not only of increased volunteer efforts but also of additional resources, such as foundation grants, which are not generally available to city government. But more importantly, the success of any neighborhood improvement effort does depend to a great extent upon the receptivity and commitment of residents to the programs. That commitment, as noted earlier, is more assured if residents play a constructive role in the development of a program. It is additionally assured when residents participate in program implementation, either independently or in tandem with local governments. The Neighborhood Housing Ser-

vices program is perhaps the foremost example of a partnership between local government and community residents in neighborhood revitalization. The NHS model is significant in that it specifies quite clearly the need for partnership and outlines in detail the role of each party involved.

As the NHS program gains in popularity, so too do a number of other types of local government contracts with neighborhood-based organizations. Nonprofit organizations, for example, are being funded to deliver specific programs, usually of the social service order. And the recent emergence of community development corporations is part of the same trend. Usually fairly autonomous, CDC's rely on both government and foundation support to implement programs designed and operated by citizens.

> *In Pittsburgh the Manchester Citizens Corporation (MCC) has become the driving force for revitalization in its neighborhood. Founded by neighborhood residents, the corporation has undertaken an extensive program to restore area housing with support from the Pittsburgh History and Landmarks Foundation as well as city loans and grants. While middle-income newcomers are encouraged to purchase in the neighborhood, MCC's purpose has been largely to help existing low-income residents both improve their properties and accept historic preservation without feeling threatened by it.*

In cities where resources are relatively scarce, working through existing neighborhood organizations rather than through local bureaucracies to implement housing rehabilitation or deliver services is sometimes viewed as a more efficient use of funds. This is especially true where the city knows that it is contracting with a professional staff. New York City, for example, allocates funds to the well-established Bedford Stuyvesant Redevelopment Corporation because of this agency's proven record of accomplishment. In other cases cities may turn to neighborhood organizations because the city itself lacks the delivery mechanisms or the credibility to carry out a program directly.

While many local officials are recognizing the advantages to be gained from involving citizens in implementation, there are still numerous cities which stop short of direct funding. As one Denver observer noted, "Once you open the door, you can't close it. You've got to draw the line somewhere." And this concern is a common one. There is a strongly held belief in many quarters that non-profit organizations, community development corporations, and similar groups can become overly dependent on government funds. A change in government's community development focus may be difficult to bring about if it means withdrawing funds from a neighborhood-run program that is politically popular. Of course, some critics claim that the motivation for funding such programs in the first place is entirely political – a response to pressure from a particularly vocal constituency. Further, the employment of minority and low-income people to operate the organizations is seen by some as mere tokenism. Those hired may not have the skills necessary to generate programs, and the hidden agenda is, in fact, planned failure.

Despite such criticism, involvement of citizens and their organizations in program implementation is decidedly on the increase. And it is interesting to note that involvement in this phase seems to be more prevalent in cities where citizens are much less formally involved in the program development phase. Indeed, the community mobilization that has led some jurisdictions to restrict citizen participation to public hearings may also account for the capacity of neighborhood entities to generate proposals and implement programs.

Program Evaluation

The federal government has recently required that jurisdictions solicit citizen comment on the effectiveness of CDBG funding at the close of each program year. The official Grantee Performance Report is completed by all jurisdictions, but in fact there is little real interest in the exercise on the part of local officials. Some criticize the content and focus of the Report, claiming that if it were more relevant to local needs it would spawn better evaluation processes. In large cities, as one official pointed out,

"completing the report is a major effort in itself. It hardly leaves time or resources to move on to evaluation that would be truly useful to program planners, implementors, or neighborhood organizations."

Given the admitted weakness of most jurisdictions in the area of evaluation, it is hardly surprising that citizen involvement in this phase remains minimal. Even where certain evaluation mechanisms exist, the undertaking has not been notably successful. In Baltimore, part of every PAC's role is to monitor project performance within its neighborhood boundaries, but the absence of any systematic evaluation by the administration makes the task difficult and forces citizens to rely almost entirely on their assigned city staff person for information. The Working Group for Community Development Reform, sponsored by the Community Services Administration, has undertaken a project in numerous jurisdictions to provide neighborhood organizations or coalitions with funds to offset the costs of monitoring local CDBG programs.

There are a number of reasons why jurisdictions do not evaluate programs, the most often cited being technical and financial. But there is also the problem of tracing causes and effects in a complex urban environment, especially given the relatively small scale of many CD activities. Controlled experiments, so much a part of scientific research, are rarely feasible in testing urban programs. The experience of a few jurisdictions in this field suggests that data are usually inadequate and results too meager to justify the almost prohibitive costs.

Fear of accountability may also inhibit the development of evaluation procedures. In fact, this aspect of the evaluation process may be the critical one in the minds of many local administrators. Official evaluations would mean publication of poor perfomance, and the other side of the coin would be equally unappealing: the success of an intervention might mean canceling or reducing it, which could be difficult in the case of a politically popular program.

Involving Citizens: The Importance Of Trust

Given that evaluation programs are difficult, expensive, and in some ways undesirable, local governments have been involving their citizens largely in the program development and program implementation phases of the community development process. In these areas the amount of involvement appears to depend more than anything else upon the degree of cooperation that exists between citizens and their local government. An adversarial relationship will produce citizen participation structures designed to keep citizens at bay – perhaps with the justification that citizens are already mobilized and have no real difficulty in making their influence felt through the established political process. Citizen involvement in the implementation phase may appear to reflect a fairly high degree of trust between citizens and government, but given that such involvement is so prevalent in cities with minimal participation in the program development phase it may be that citizens are being given a role in implementation mainly for the purpose of rebuilding a co-operative relationship that has broken down for one reason or another.

The element of trust may be most strained where there is a greater mismatch between a community's expectations and its available resources, a circumstance commmon to most older major cities. Against such a backdrop, it is naturally more difficult to reach consensus on which neighborhoods to treat, which programs to fund, etc. An important factor to consider here, of course, is media coverage, which often serves to exacerbate such discord. If resources are to be as constrained in the 1980's as many expect, this mismatch between expectations and resources may become a major issue for many more jurisdictions. Hence even the trust that has contributed to the relatively harmonious citizen-local government relations in newer, growing jurisdictions may begin to erode. A challenge for municipal governments in the 1980's will be to develop arrangements and relationships that foster consensus-building and minimize destructive competition for scarce resources. The evidence suggests that this may not be an insurmountable challenge. Baltimore seems to have managed to avoid the erosion of trust that has marked the resource allocation experience of other older cities. Denver's MAC serves to suggest that trust can be re-established, as does the reconciliation among interests that the NHS vehicle has been able to achieve in numerous neighborhoods around the country.

Establishing, maintaining or rebuilding trust between citizens and City Hall may be the most productive course for jurisdictions in the near future. There is no one perfect structure or process for involving citizens to achieve this end. Cities such as Baltimore, Jacksonville, and Denver, where participation has been marked more by collaboration than by contention, have used widely different approaches. But in cities where participation is geared only toward meeting federal regulations, the amount of community energy focused on a relatively small portion of CDBG hardly seems productive. Adversarial rather than collaborative relationships are inevitable when on the one hand, citizens are viewed as having problems and expectations, while government on the other is seen as having the solutions and the resources. If local governments are in the future to make progress on some of the more difficult neighborhood development issues, especially within a context of diminishing resources, they may be forced to recognize that they cannot "go it alone" as they might have in the past but must now consider a broader and more constructive role for citizens in the community development process. ■

Targeting

"Targeting," the concentration of resources in a limited number of neighborhoods, is not a new trend in the allocation of federal resources within cities. It was, in fact, the *modus operandi* of both Urban Renewal and Model Cities, under which programs local officials applied federal funds to selected areas of their cities. But the nature of projects carried out under these programs, as well as the level of funding available, functioned as built-in restrictions to the selection process. With the advent of CDBG those restrictions largely disappeared and, at the same time, citizen participation was expanded to embrace a much larger range of constituents than were affected by either Urban Renewal or Model Cities. While the new situation ideally affords local government greater leeway in selecting which and how many areas to fund, the allocation process is now subjected to an array of political pressures that may make the equitable distribution of funds far more difficult.

To this politically volatile package has subsequently been added HUD's guideline that cities outline "Neighborhood Strategy Areas" in which to concentrate the spending of their entitlements. NSA's must be areas of manageable size and condition for which current resources are "sufficient to produce substantial long-term improvements... within a reasonable period of time" (24 C.F.R. Sec. 570 301 [c]). While such a formula is likely to produce the most efficient investment of limited resources, it has proven difficult to impose on a program which has citizen

participation as an essential element. Targeting implies that a city deliberately ignore two constituencies: those who live in an area that could not, with available resources, be turned around in "a reasonable period of time," and those who live in comparatively healthy areas. In the first area may live disadvantaged groups that have been politicized by Model Cities or some other experience in government programs. In the second area, the likely inhabitants are lower-middle and middle-class residents with fairly high expectations of government and the know-how to make the system work for them. Both are difficult groups to ignore.

In a city with plentiful resources and a citizenry that is either relatively well-off or politically passive, targeting is carried out with considerable ease. In places where resources are scant, need great, and political skills widespread, targeting, even if local officials and planners espouse its rationale, can be hard to carry out. Some of the difficulties encountered are inherent in the CDBG program itself; some are a matter of local history and politics.

Citizen Participation

Most local officials surveyed by this study cited the citizen participation element of CDBG as a major impediment to their targeting efforts. The Brookings monitoring of the CDBG program arrived at a similar conclusion. The effect of HUD's citizen participation requirements in the first years of CDBG was to disperse benefits to numerous neighborhoods, as various groups competed actively for a share of the community development pie.[1]

Community pressure in many cities ensures that the CDBG entitlement will be distributed to every area in the city. Indeed, when competition is intense, the rule of thumb is "something for everybody."

Philadelphia has had difficulty targeting its CD funds. In 1968, the city chose eight areas for urban renewal. By 1979, 45 areas were receiving CD funds. New neighborhoods were added as the CDBG program evolved, partially in response to citizen pressure. In 1979, HUD started applying its own pressure by requiring the city to address 75% of the needs in each NSA. But as HUD becomes firmer about cutting back the number of target areas, and citizens become more vocal, the city's planners find themselves in an increasingly difficult position vis-à-vis local interests.

In Cleveland community pressures to disperse resources have forced officials to create target areas covering half the area of the city, with constantly changing boundaries because of shifting political demands. As one respondent said, "In a city with thirty-three Councilmen elected every other year, it may be politically impossible to operate (CDBG programs) in a targeted manner."

Like their counterparts in Philadelphia, Chicago officials proposed many target areas – twenty, in fact, which cover 50% of the city's geographic area. As one observer noted, "Chicago's answer to targeting is just more targets." Although HUD has forced the city to cut out some of the more affluent areas, planners have managed to operate programs in almost all areas of the city by packaging CDBG with EDA, local public works money and other funds.

The "Low/Mod" Requirement

Another major difficulty with targeting is its potential conflict with HUD's guideline on low- and moderate-income recipients. The original goals of CDBG included "the elimination of slums and blight, the prevention of blighting influences, and the deterioration of property, neighborhood and community facilities of importance to the welfare of the community, *principally* persons of low- and moderate-income." (Italics added.) If targeting were designed

1
The Brookings Institution, for the US Department of Housing and Urban Development, *Block Grants for Community Development*. Washington DC, US Government Printing Office, January 1977, pp 486-487.

with areas of greatest need in mind there would be no problem; but targeting is the allocation of funds to areas where the money can have the most effect. While it is not inconceivable that an area where the need is greatest might also be an area where the limited resources could be invested most efficiently, such an overlap is probably more the exception than the rule. The result is "triage" – focusing primary attention on those areas with the best chance of survival.

Many cities have adopted this practice, ignoring at least one or two neighborhoods believed to be beyond help, although most officials interviewed in this study argued that triage was either inequitable or politically unfeasible. First of all, the needs of some neighborhoods regarded as ineligible under NSA guidelines are so desperate that to ignore them would be blatantly inhumane. And, second, many such neighborhoods have a past history of federal programs that has generally increased their expectations of government. Traumatic experiences with earlier programs or a sense of having been shortchanged in the past has made these citizens antagonistic toward City Hall, and the political element of certain past programs has left them with the skill to make their dissatisfaction felt. Practicing triage with respect to such communities would be political suicide.

Social Services

Social service funding presents a similar impediment to the targeting of resources. Such funding is usually spread out over areas larger than those suggested in NSA guidelines, but these programs have well-established and vocal constituencies in many cities. Eliminating or cutting back on them is politically difficult.

The social services problem is not an issue everywhere. Some jurisdictions had no Model Cities programs and the demand for social services within their borders is either rather low or is being met effectively without CDBG funds. Some cities – Pittsburgh is an example – decided after their Model Cities experience not to use CD funds for social services. In the case of Pittsburgh, the city can rely on the Allegheny County government to absorb some of this responsibility. San José similarly looks to county government to provide social services.

But many major cities consider social services an integral part of their community development agenda. Limiting them by geographical area, however, or tying services operated by non-profit organizations to physical improvement programs – a HUD sanctioned way around the NSA problem – is awkward to manage politically.

> *Los Angeles, with a history of Model Cities, has witnessed the steady expansion of social service demands – demands not restricted to specific geographic areas. The NSA stipulation that services be limited to narrowly defined areas "in support of" physical improvements, has posed a dilemma for the city's planners. Attempts to reduce the geographic impact of service programs in order to conform to HUD's directives have triggered considerable resentment among the city's long established social service constituencies.*

Many social service programs are "perfectly sound, perfectly valid," one Chicago official stated, "but to continue them you are going to be obliged to concentrate physical development in those same areas. The trouble is that those service areas, of necessity, are fairly large and so the effects of physical development will be diluted.... You'd want the two (physical and social services) related, of course, but you don't want them directly linked as they have to be under CDBG regulations. It just ties your hands."

To make matters somewhat worse, social service programs, unlike housing rehabilitation or capital improvements, tend to encourage dependency. And the meeting of social needs often produces yet more needs to be met. In many cities, social service constituencies not only lobby the government every year for funding, but they compete with each other for the limited funds available. Thus officials in these cities find themselves in more than one bind: they are caught, on the one hand, between the need for social service programs and the lack of public agreement on which services should be funded, and on the other, between the NSA regulations restricting social service programs and the local constituencies insisting upon them.

Scattered Constituencies

If social services, because of the geographically widespread population they serve, are difficult to target, the same holds true in the case of various other programs geared to individuals rather than neighborhoods. The elderly, whose needs have become more apparent in recent years, are one such group. The low- or moderate-income family is another.

> *Pittsburgh's neighborhood development effort consists primarily of an array of housing programs. These programs operate on a citywide basis – but "self-target" to particular population groups through the use of income restrictions. In order to assure some particular geographic impact, the city has established neighborhood offices in six relatively large "revitalization" areas which are actually aggregations of several neighborhoods. These satellite offices tailor the citywide programs and offer additional programs designed to match more precisely the needs of each area.*
>
> *Seattle, like many jurisdictions west of the Mississippi, has comparatively few areas that could be described as exclusively low-income. Indeed, on the surface, most Seattle neighborhoods might appear middle-income to a planner from the Northeast. Seattle does, however, have a low-income population living within the city limits and local staff have drawn boundaries around six relatively large areas with the greatest low-income concentrations. Like Pittsburgh, the city employs the income restriction device to channel program benefits to low-income residents. In conformity with HUD's NSA requirements the city has solidified these investments with some physical improvements to the area in general. These public improvements of course, serve also to benefit the middle-income residents of the designated areas.*

CDBG, it must be recalled, is a program oriented to the physical improvement of discrete areas of a city. At the same time, it is intended to benefit people at the low end of the income scale. As noted above in the discussion of the "low/mod requirement," the tug of war between these two objectives makes targeting difficult because a city's poorer people often live in areas that do not lend themselves to the type of investment the targeting concept has come to imply. But an additional difficulty – as demonstrated in the cases of Pittsburgh and Seattle – is that poorer people often live not in a "poor neighborhood" but singly or in clusters throughout the city. CDBG's orientation toward place sometimes makes it difficult to serve people – and indeed this "people versus place" dilemma (which is taken up at length in the next chapter) has become a crucial one in the day-to-day decision making of local policymakers.

Non-Neighborhood Activities

A final difficulty with targeting funds in accordance with NSA guidelines is the need of many cities to invest in large-scale, citywide, or downtown projects. Though such allocations may appear to contradict the basic intent of CDBG, it is usually argued that certain non-neighborhood projects are critical to the health of the entire city.

> *San José is allocating approximately one-fourth of its Block Grant entitlement to a CBD renewal project. Like so many other urban jurisdictions, San José has witnessed the construction of large suburban shopping centers that have siphoned off downtown investment and activity. The CDBG commitment is being spent on land acquisition, demolition, parking facilities, and other capital improvements in an attempt to make downtown once again attractive to private investment. An important factor behind the city's decision to allocate such a large portion of the CD funds this way was its ineligibility until very recently for UDAG funds. The remainder of San José's entitlement is targeted, in strict conformity with the HUD directive, to only five neighborhoods. The city is able to meet other neighborhoods' needs largely out of a special lending program with private banks and California Housing Finance Agency funds.*

San Francisco is still completing major projects begun with HUD categorical funds. Indeed, in 1979, the San Francisco Redevelopment Agency received $16 million of the city's $26 million entitlement. Over $6 million was earmarked for new housing construction in the Western Addition Redevelopment Project and over $3 million was reserved for the Yerba Buena Center, a massive development that will incorporate publicly-funded facilities such as a convention center and an exhibit hall.

Baltimore's Department of Housing and Community Development allocates a large percentage of its CDBG entitlement to housing and neighborhood revitalization programs in numerous neighborhoods, many of which were designated Project Area Committee neighborhoods in the Urban Renewal area. The city also, however, earmarks a major portion of its entitlement to activities that could not be described as neighborhood revitalization. Perhaps foremost among these is Coldspring New Town, a housing development for middle- and upper-income households expected to have absorbed $35 million in CD funds when fully completed. CD funds are also being allocated to the Inner Harbor which is being refurbished to include a new hotel, convention center and retail shopping complex roughly similar in nature to Boston's Quincy Market. The city's rationale for expenditures such as Coldspring and the Inner Harbor is the felt need to produce a certain number of tax-generating projects out of federal funds.

Targeting: Where It's Practicable

Targeting, then, is difficult to carry out because of its potential conflict with certain other elements of CDBG, specifically the citizen participation and low- and moderate-income requirements, as well as the requirement that social services be tied to physical improvements. It is difficult, too, because past provision of certain services has set up the expectation of continued funding. It is difficult because the political climate in some cities makes any redistribution of resources hard to carry out. And finally, it is difficult because some cities have no funding other than CDBG available for downtown or large-scale projects seen as vital to the city.

Nevertheless, it should be pointed out that Dade County targets its Block Grant with relative ease. In fact, Dade County was targeting its community development resources before the guidelines came down from HUD.

> *The Office of Community Development Coordination in Dade County identified 18 community development areas in the first year of CDBG funding. When the NSA guideline took effect in 1977, minimal alterations in the existing system produced 23 "sub-impact" areas. Dade County's staff then devised programs that included capital improvements and housing rehabilitation geared to the particular needs of each area.*

And Dade County is not alone. Numerous other cities and counties are able to concentrate their resources in the manner prescribed by the NSA guidelines.

> *Jacksonville has been targeting its CD funds from the outset – beginning with two neighborhoods, expanding to nine and now funding thirteen. Although most of the city is eligible for CD funds, the present target areas include only twenty percent of the entire population. A large portion of funds has been earmarked for ditches (the city has 4,000 miles of ditches) and drainage, a major problem because of the high water table. Other than to such capital improvements, funds are primarily allocated to various housing rehabilitation assistance programs.*

> *Memphis Housing and Community Development staff used an elaborate classification system to identify 142 neighborhoods needing assistance. Planners and citizens chose ten of these neighborhoods as target areas for the first three years of CDBG. After improvements were completed, a second set of eight areas, contiguous to the first, was selected for*

funding. All of these areas are deteriorated neighborhoods, with almost exclusively minority, low-income populations. Street improvements and housing rehabilitation are the main components of the program.

Targeting, then, is certainly a workable idea, and future research may show that, from the standpoint of efficiency, it is the best way in which a city can allocate its Community Development funds. Nevertheless, it is clear that targeting is far more appropriate and successful in some jurisdictions than in others. If one were to sketch out a model targeting city, it would look something like this: The population is growing; the economy is expanding. Deterioration of housing stock is evident, but minimal. Income levels are fairly high. Demographic shifts are favorable, bringing in more young, middle-class, or professional people than are being lost. Urban Renewal and Model Cities experiences were slight or non-existent, leaving local residents little direct experience of government-initiated community development programs. Neighborhoods are poorly defined; neighborhood groups had to be established with the help of planners. Allocation decisions are made with the help of systems worked out to rank neighborhoods by need. Formal, on-going citizen advisory boards, including only target-area residents, have been established. Under these circumstances the problems with citizen participation, the low- and moderate-income guidelines, social services, scattered constituencies and non-neighborhood projects tend to disappear.

Dade County, Jacksonville, and Memphis, whose targeting efforts are noted here, all deviate from the ideal jurisdiction described above, but all have a number of critical points in common with it. They are the kind of place where history, demography, economy and political climate or some combination of these elements tend to nullify the difficulties described in this discussion and make possible the particular distribution of resources embodied in the targeting concept. ■

5

Beneficiaries

Historically, HUD-funded programs administered by local governments have been oriented toward physical improvements rather than social services. Income maintenance, job-training, special education, and other social welfare programs have been generally regarded as the province of the Department of Labor or the Department of Health, Education, and Welfare.[1] DOL and HEW have normally channeled funds for such programs through state or regional authorities rather than through local governments.

The main debates surrounding HUD programs have been over what kinds of physical improvements to stress, not over whether to improve physical environments as opposed to aiding people more directly. Urban Renewal has been criticized largely for its overemphasis on CBD's rather than residential areas. And most of the categorical programs were clearly oriented to physical improvement – Public Facilities, Open Space, Water-Sewer, and Neighborhood Facilities. Model Cities, with its heavy emphasis on process, social planning, and social programs, represented a departure from the usual HUD program.

CDBG, in keeping with HUD's general mandate, was designed primarily as a physical improvement program, with an informal understanding that social service expenditures be limited to twenty percent. At

1
Now the Department of Health and Human Services.

the same time, however, CDBG, from its inception, did emphasize aiding a particular population group. The original legislation specifically directed that a CD-funded project: 1) "aid in the prevention or elimination of slums or blight," 2) "meet other community development needs having a particular urgency," and 3) "benefit low- or moderate-income families." The 1977 amendments to CD legislation altered the original language from "low- or moderate-income families" to "low- and moderate-income families" to discourage over-emphasis on the moderate-income population. To remove any possible doubt as to the intended beneficiaries, the 1977 legislation included a regulation that a full 75% of the program funds be used to benefit the low- and moderate-income group.

While HUD was placing greater and greater stress on aiding the needier segments of the population, it was also limiting the types of neighborhoods for which funding was intended. The NSA guidelines limited eligibility to neighborhoods where public intervention could help the area become viable within a maximum of five years' time. As noted in the "Targeting" chapter, this goal is not easily achieved in a neighborhood with a high concentration of low-income families. The same NSA guidelines also limited expenditures on public services, the most direct mode of benefiting a particular population group.

There is clearly a certain amount of conflict between "people" and "places" built into the CDBG legislation. Exacerbating this conflict is the new emphasis throughout the federal government on economic development, leveraging, and stimulation of private investment. Local government's best opportunities with the private market are not likely to be found in neighborhoods or among population groups at the bottom of the socio-economic ladder. Making matters yet more serious and decisions yet more difficult for local policy-makers is the current apparently long-term economic downturn, which squeezes the needy yet more and at the same time places severe constraints on resources.

The current focus of most neighborhood programs is place rather than people. When queried about the "primary focus or target" of particular neighborhood programs, local officials surveyed in this study frequently responded: "to upgrade the neighborhood housing stock," "to improve confidence in the neighborhood's future," and "to encourage private investment." A much less common response was "to correct seriously sub-standard living conditions" or "to improve residents' standard of living." This is not to say that local officials are not thinking about reaching particular income groups. It is simply that the basically physical improvement goals of the CDBG are more easily and more logically approached from a perspective of place than of people.

Of course, every people/place decision is a decision in favor of one group of beneficiaries over another. The point is that, despite CDBG's clearly stated intention to benefit a particular population group, the beneficiary choice has become, in practice, the function of other choices. The choice, for example, between low- and moderate-income recipients is made in terms of the feasibility of effecting significant physical improvements in their respective environments in a "reasonable" amount of time. Clearly, local variables – the condition of housing stock, the geographic distribution of low-income residents, and so on – will affect any jurisdiction's ability to meet simultaneously the criteria of people and place.

Low Vs. Moderate-Income Residents

In cities visited by project staff neighborhood programs aimed at moderate-income residents were found to be much more common than those intended to benefit low-income residents. The very poor, particularly those classified as chronic welfare families, are much more likely beneficiaries of social service programs than of the more physical, neighborhood programs, which tend to rely on the private resources of homeownership to realize their impact.

> *The overall approach of the Memphis Community Development program is to stabilize a limited number of moderate-income, largely black neighborhoods experiencing minor deterioration. Public funds are used to correct serious environmental deficiencies (lack of storm sewers or sidewalks, unpaved or poorly paved streets) and to provide grants and loans for housing rehabilitation. The City selects neighborhoods based on a number of criteria,*

though high on the list are homeownership and resident commitment to "do their part."

For the most part the CD Program does not operate in the most deteriorated areas of the city. Active neighborhood leaders seem to support this philosophy; one neighborhood organizer, when asked if he thought the Community Development Program should do more for the most deteriorated sections of the city replied, "Most of my neighbors work two jobs to pay the mortgage. Why shouldn't the city do something to help hard-working folks?"

Public efforts in Memphis have had a significant visible impact on CD neighborhoods. Because the program attempts only "do-able" projects in a limited number of neighborhoods relying heavily on resident support, the Memphis staff seem to have accomplished their objective: to upgrade moderate-income neighborhoods for the benefit of existing residents.

This is not to say that no CD funds are targeted to low-income recipients, but that efforts made on behalf of this group tend toward very different and usually more limited objectives. Instead of significantly altering low-income neighborhoods, these efforts are intended to alleviate the area's worst difficulties and make life generally more bearable.

City of Miami staff, in efforts to improve the quality of life for residents of a very low-income and badly deteriorated neighborhood, initiated the "Interim Assistance Program." This project and other related activities in the neighborhood are aimed at demolishing abandoned and dilapidated structures, street beautification, clean-up and sodding of vacant lots, and painting exteriors of residential structures. Though these were physical improvements, the project generally did not provide for expensive infrastructure investments. A variety of social services were also provided for neighborhood residents.

There are very few examples of jurisdictions targeting funds for extensive construction or rehabilitation improvements for the very poor. One of the few major efforts in this regard has been undertaken by the City of Boston.

Boston, through its Public Housing Improvement Program, has allocated $13 million over five years for the modernization of public housing. The program has drawn about ten percent of the city's CDBG budget and has been used for capital improvements, security measures, and site improvements.

As it goes into Year VI of CDBG, however, Boston is considering cutting back on this program or shifting its emphasis from physical improvements to security issues.

Homeowners Vs. Renters

For a variety of reasons – ranging from a lack of interest and economic incentive on the part of owners of rental property to the logistical difficulties of working with non-residents – most cities have had little success at involving absentee owners in CD programs. Consequently, the beneficiaries of housing programs are usually owners rather than renters. The fact that there are relatively few low-income homeowners reinforces the tendency toward aiding moderate-income rather than low-income people. Here again the physical improvement orientation of CDBG makes it difficult to aid the worst off.

The homeownership element has taken on such importance in the allocation of CD resources that where programs are aimed at renters, it is often with the intention of encouraging them to become owners.

Washington, D C, in efforts to assist low- and moderate-income residents "ride the wave" of that city's real estate market, has initiated several programs intended to help renters become homeowners. City staff recognize that they will never be able to stop totally the widespread condominium conversions occurring in Washington's revitalizing neighborhoods. The program is designed to help residents of buildings undergoing conversion to condominiums or cooperatives become owners rather than displacees.

Because in many instances the biggest obstacle to homeownership is making the down-payment, the city has assembled a variety of loans and grants that assist renters to put together the resources needed to remain in their homes as owners.

Another effort is intended to keep renters apprised of their rights of negotiation under the D C conversion law. The city's conversion ordinance is relatively complicated and requires existing tenants who wish to present an alternative development package to developers to do so within 90 days. Given the need for speed and some expertise in financial packaging, the kind of outside assistance provided by the program is sometimes critical to tenant success.

Seattle's "Home Sharing Program" was designed to match renters with homeowners who have extra space and desire a tenant or housemate. The program is a relatively modest effort that was begun by a neighborhood corporation in one area and later expanded to the rest of the city. It was begun to deal with two housing problems: the city has a shortage of reasonably priced rental housing and many homeowners are finding it increasingly difficult to retain their homes due to the rising cost of taxes, utilities, insurance, and maintenance. The program is focused on, though not limited to, senior citizens. Staff manage program publicity, distribute applications, and conduct interviews with the homeowners and tenants interested in sharing a house. They then attempt to match compatible applicant homeowners and renters and arrange for a meeting between the two.

Programs such as these may become important tools in targeting resources to the lower-income segment in the course of the next several years. Many urban housing markets are already experiencing severe rental housing shortages due to the lack of new private rental housing and to the inadequate levels of publicly assisted rental production. Displacement of residents, generally renters, by higher income groups has already become an issue in a great many urban areas, and predictions are that rental housing shortages will worsen during the 1980's.

Low and Moderate Vs. Middle-Income Residents

A combination of demographic and economic trends is resulting in a certain amount of middle-class reinvestment in a number of major urban jurisdictions at the present time. In some places officials have taken advantage of this situation and funneled CDBG funds to certain areas to initiate or encourage the influx of new residents. In other areas such gentrification is occurring without any significant public intervention. Most cities do want to attract middle-class residents in order to strengthen their tax base and generally to "make the city a better place to live." But if the return of the middle class is the best news mayors have heard in decades, it also confronts cities with one of their most serious people/place choices. Efforts to encourage middle-income residents to stay in or return to the city may not merely help the already affluent, but may do so at the expense of the worst off.

As cities become more aware of the problems associated with gentrification, they are attempting to orchestrate it somewhat more sensitively, and efforts have been made by a number of cities to attract middle-class families to neighborhoods where they are unlikely to put pressures on the housing market. Such efforts are limited both by a sense of equity and by the CDBG regulations themselves, which restrict to 25 percent the amount of funds that can be targeted to beneficiaries outside the low- and moderate-income group.

"But middle class families have needs too," as one local official stated, and the current economic climate is compelling local government to pay more attention to the needs of this group.

> *Baltimore's Coldspring New Town represents a commitment by the city to provide a housing alternative for middle- and upper-income families within the city limits. The development site is situated on what was one of the city's largest undeveloped tracts of land. Moshe Safdie was engaged to plan and design the 3,800 dwelling units, of which twenty-seven percent will be*

townhouses, twenty-seven percent high-rise apartments, and forty-six percent multi-family clusters. Thirty percent of these will be made available to moderate-income families. When completed in 1984, the development is expected to house some 12,000 people and involve a total CD commitment of $35 million.

Denver's Lincoln Park project will provide housing for existing low- and moderate-income residents as well as for middle-income families. CDBG, UDAG, Section 312, Section 8, and state housing funds will be combined in a large-scale effort to provide a variety of housing options. The most blighted areas will be cleared with the aid of $9 million in UDAG funds and sold to a developer for construction of 770 units of middle-income housing.

If resources continue to become scarcer during the 1980's, and many indications suggest they will, middle-class pressure on local government is likely to increase.

"People Vs. Place"

Though efforts to channel CDBG funds to the lowest-income city residents are difficult to align with the physical improvement goals of CDBG, they are certainly not lacking. Low-income renters are encouraged to become homeowners; those too poor to move to better neighborhoods are "comforted" where they are; efforts are made to prevent low-income people from being displaced by the middle class; and so on. But these are secondary efforts of a program the success of which seems to depend on the involvement of people with the wherewithal to support themselves and improve their own environment.

In badly deteriorated areas, program funds are rarely sufficient to cover more than the costs of infrastructure improvement. Effectively "turning the neighborhood around" then, depends on additional private resources to supplement the public investment. It is unlikely that residents of the most severely deteriorated neighborhoods possess such resources, or access to them, and it can be argued that neighborhood revitalization in these circumstances necessitates a certain amount of new blood.

Of course, poorer sections of the population can be aided by social services funded through CDBG, but the informal twenty percent limitation on such expenditures set by HUD area offices makes clear the federal intention that such programs not be the primary thrust of local efforts. In fact, whether to use CD funds for such purposes at all is left to the discretion of local policy-makers, and the context in which funding decisions are made largely determines this choice. Cities with a history of providing neighborhood social services – especially large Northeastern cities such as New York and Philadelphia – tend to allocate CD resources for social services. Growing sunbelt cities without established social service constituencies and with scant consensus for public provision of such services, tend to spend a much smaller percentage of their funds in this area.

> *In Memphis, where there was no Model Cities Program, social services are considered a very low priority throughout city government. Usually between two and three percent of the CD entitlement is allocated to social services and is used primarily to support a Homemaker Program for senior citizens and to match other sources of funding. There is no plan to increase this low level of funding, as Memphis' CD program is frankly intended to assist "resident groups who help themselves." This commitment is reinforced by the city's traditional business ethos, in the light of which social services are regarded as investments which return nothing to the city.*

Even some of the older cities are starting to cut back, often in response to new federal requirements.

> *In Philadelphia CD-funded social services are clearly being de-emphasized. During the first two years of CDBG, continued Model Cities and other social services constituted one-third of the program budget. During Year IV they were reduced to less than one-fifth, while during the same period housing-related expenditures were increased.*

In addition to an overall de-emphasis on social services there appears at present to be a shift in the type of services offered. The importance of social activist

programs like New York's Community Law Office seems to be waning, and where such programs continue to operate they are experiencing funding difficulties.

> *Since the early 1970's New York City has funded the Community Law Office to provide legal services to residents of Harlem. The office, which also receives assistance from the Legal Aid Society, has a small permanent staff but it depends on the donated services of over 400 local attorneys. With recent changes in the CDBG regulations, New York has had to work with the office to assure that the city's $350,000 contribution was used largely for housing and related work. Because Legal Aid Society support was shifted to cover legal work not eligible for CDBG assistance, Community Law Office services to the community have been continued at the same level.*

And certain other forms of direct aid to disadvantaged groups are becoming harder to fit into the present federal guidelines.

> *Boston's Senior Shuttle provides transportation for elderly residents, both through scheduled trips and "hot line" calls for pick-ups. The program operates forty vans at an average annual cost of $17,500 per van. During its first five years of operation, funding came largely from CDBG. However, with the requirement that all social services be tied to NSA activities, the city has been forced to withdraw all Block Grant revenues from the Senior Shuttle. Because the program is quite popular and it provides what is considered as an essential service, city general funds will be used to permit continuation of the service.*

As social service funding is beginning to decline, job training and development programs appear to be on the increase, a reflection, perhaps, of a new tendency in community development funding to deal somewhat more with causes of neighborhood distress than with symptoms. Training and development programs are aimed at preparing beneficiaries for future self-sufficiency through small business assistance or special education.

Part of the problem with aiding particular disadvantaged groups is political. As the economic situation makes life more difficult for the near-poor, and as the country moves generally into a more conservative period, it is difficult to find programs that even claim to be aimed at the poor. Instead, programs are designed for the universal and innocuous "low/mod" beneficiary – a group non-specific enough to be acceptable to the general population yet sufficiently broad to embrace all those who public officials feel should benefit from the programs. The inclusion of "moderate" in the group is perhaps a sign of the times – a clear indicator of what is currently regarded as politically feasible in the way of aiding disadvantaged people. Moderate-income people are thought of as upwardly mobile if hard-pressed citizens, not "lazy welfare cheats" who will never improve their lot in life.

If this change in sentiment toward aiding the disadvantaged since the War on Poverty days of the 1960's is largely a function of current economic hardship, perhaps a more stubborn impediment to aiding the poor is the whole matter of black/white relations. This is obviously a much larger issue than can be dealt with in these pages. However, it is clear that as long as neighborhoods are regarded as "declining" when blacks begin to move in, as "stabilizing" when the influx ceases, or as "coming back" when the white population begins to increase, it will be difficult for planners to develop programs to benefit the existing residents of many inner city neighborhoods.

It is certainly not impossible, however, to aid both people and places simultaneously. Even where deterioration is somewhat serious and incomes fairly low, if other variables are favorable, a city can work effective improvements for existing residents. The City of Memphis has managed to target a number of moderate income minority neighborhoods where the rate of homeownership happens to be fairly high. In most instances the neighborhoods involved suffered from environmental problems. By removing such hazards and providing low-interest loan funds for home improvement, Memphis officials felt they were successful in helping people and improving the physical environment at the same time.

Obviously, the final determinant in the people/

place decision will be the relative importance placed on the values of equity and efficiency in any given jurisdiction. This underlying sense of values, in turn, is a result of the subtle interplay of local cultural forces, past experience, and present conditions and pressures. But the combination of physical improvements and the stress on sound investment that is built into the Community Development Block Grant legislation will, especially in hard times, continue to tug most jurisdictions in the direction of efficiency, even at some cost to the poorer elements of its population. Perhaps only when and if enough middle class residents return to the urban setting to render many more neighborhoods self-sufficient will local planners and policymakers be able to concentrate their full attention on aiding people rather than places. ■

6

"Neighborhood Preservation"

From the beginning of CDBG, the Department of Housing and Urban Development has required that cities develop strategies for spending their entitlements. In 1977 a new set of HUD regulations made this requirement more specific. Cities were to provide strategy statements with

> *specific approaches to neighborhood revitalization, housing, economic development, and overall community development; and a three-year plan for carrying out such approaches, including specific implementation schedules and quantifiable goals.*

Since every CDBG application must now include such statements, the challenge to cities is to match neighborhood needs with available resources in the framework of a strategy acceptable to HUD. Though the original guidelines set up a number of objectives[2]

1
Department of Housing and Urban Development. *The Fourth Annual Community Development Block Grant Report*, Washington, DC, September 1979, p IX-1.

2
The elimination of slums and blight, the elimination of conditions which are detrimental to health, safety, and public welfare, the conservation and expansion of the Nation's housing stock, the expansion and improvement of community services, a more rational utilization of land, the reduction of the isolation of income groups, the preservation of properties with special historic or architectural value, and the alleviation of physical and economic distress.

toward which cities might work with the help of CDBG, it appears from the survey of twenty-eight cities and eight urban counties that most jurisdictions organize their strategies around the general goal of *neighborhood preservation.* HUD's fourth annual report on CDBG confirms this finding.[3]

HUD's strategy requirement is clearly designed to encourage planning that is both long-range and specific in what it hopes to accomplish. Yet the strategy stated most frequently by local governments, neighborhood preservation, is not as specific as it at first appears to be. In fact, in the case of this particular strategy, there is a striking lack of congruence between what officials are *doing,* what they *say* they are doing, and what they *think* they are doing. This is not the case everywhere; some cities are notably consistent. But in many places a wide divergence exists between the strategy statements required by HUD and what individual planners and officials privately understand. And even that divergence is not always clear. There is often disagreement within city administrations and even between individuals working in the same agency as to the intended purpose of a particular set of programs.

By its very nature some of this information is inaccessible, but a review of various cities reveals that under the rubric of neighborhood preservation there are actually three more or less distinct strategies operating:

> *A stabilizing strategy, which is designed to stem further deterioration in slightly or moderately deteriorated areas, with the aim of keeping current residents in place;*
>
> *A comforting strategy, which is applied to severely deteriorated neighborhoods to alleviate the most extreme consequences of deterioration, without attempting to address the more extreme physical and social rehabilitation needs;*
>
> *And a changing strategy, which seeks to attract new, usually younger and more affluent residents to a moderately or severely deteriorated neighborhood.*

Each of these strategies uses physical improvement programs to attain its ends, and the same type of improvement – installation of new streetlighting, for example – may be used in all three strategies. What really distinguishes these types of neighborhood preservation is the effects they are intended to have on the population group they try to serve. The meaning of this distinction, and the reason for the congruence or lack thereof between what officials do, say, and think, will become more obvious in the following discussion.

Stabilizing

"Stabilizing" strategies are aimed at neighborhoods where public intervention has a good chance of preventing further decline. These are usually slightly or moderately deteriorated neighborhoods with low- or moderate-income populations and few residents in acute need. The program components of stabilizing strategies vary from jurisdiction to jurisdiction and may range from rehabilitation to minor or partial redevelopment. Park, street, sewer, and water improvements are normally coupled with rehabilitation incentives in the form of grants, rebates, subsidized loans, or tax breaks to resident homeowners. Sometimes included are social service programs such as day care and services for the elderly.

Many stabilizing strategies are fairly simple and straightforward. They tackle in a very direct way some particular aspect of deterioration deemed to be fundamental to a neighborhood's problems.

> *Los Angeles, for example, has a program offering low interest loans for home repairs plus free technical and architectural assistance to a number of low-income neighborhoods where deterioration and disinvestment have begun to be felt. A capital improvements program is underway in the same area. Though these neighborhoods may have other problems, this strategy simply focuses on the need for physical improvement.*

3
"The predominant strategy type in terms of planned expenditures in the fourth year of the program is neighborhood preservation..." *Op. Cit.*, Department of Housing and Urban Development, p III-1.

This strategy of combining housing rehabilitation incentives and capital improvements is a popular one, though it can be put together in different ways.

San José's strategy for dealing with five fairly deteriorated neighborhoods resembles Los Angeles's in its program components, but the chronology is an important element in this case. Streets, sidewalks, parks, and community facilities were deteriorated or inadequate in the neighborhoods in question, and the city decided to complete a fairly extensive capital improvements program before initiating its housing rehabilitation efforts. The aim was to demonstrate the city's commitment and win people's confidence in advance of programs that would require effort and commitment on the part of residents.

Other stabilizing strategies are more comprehensive, broader in scope, and designed to deal with numerous factors that contribute to a neighborhood's decline.

***Philadelphia** devised one such stabilizing strategy for its Cobbs Creek neighborhood, an area characterized by a high rate of homeownership and some scattered abandonment. The city's goal was to prevent any further deterioration by stimulating private reinvestment in the area. It sought to provide limited financial assistance for rehabilitation to the largest possible number of homeowners, to provide special assistance to elderly homeowners on fixed incomes and to improve the overall quality of the residential environment through capital improvements. The package of programs assembled by the city included a Vacant House Rehabilitation Program, whereby properties are publicly acquired, rehabilitated with CD funds and sold at market rates (with a CD subsidy between rehabilitation costs and sales prices); loans and grants; the city's Phil-Gap mortgage and rehabilitation loan guarantee incentive program for local lending institutions; Section 8 Substantial Rehabilitation; Homesteading; site and public facilities improvements; commercial district improvements; homeowner/homebuyer counseling; and community clean-up and free paint programs.*

Whether narrow or broad in their scope, stabilizing strategies such as Philadelphia's, Los Angeles's, and San José's tend to produce visible results with little permanent disruption to the neighborhood, and the minimal controversy they arouse suggests a public consensus on their appropriateness. Where such strategies are operating, they tend to be presented accurately in public documents, and it is safe to say that officials are doing to a great extent what they claim to be doing. But they may not be doing quite what they say they are doing in the use of "comforting" strategies, which are responses to much more intractable problems than is the case where stabilizing strategies can be readily employed.

Comforting

A "comforting" strategy is the typical response to severely distressed neighborhoods in which problems are so severe that they cannot be addressed in any effective way with the resources on hand. These neighborhoods have extremely deteriorated housing, extensive abandonment, low levels of home ownership, high unemployment, serious crime problems, and a poor, often minority population. CD activities in such areas are usually aimed at the more serious symptoms rather than the underlying causes of distress: abandoned structures are boarded or demolished, a rat control program is set up, public health clinics are provided. The intention is to alleviate the worst effects of neighborhood deterioriation until more resources are made available, until the area becomes appropriate for another use, or until some other unspecified time. The assumption underlying such efforts to "comfort" is that the limited funds available and the general orientation of CDBG toward physical rather than social improvements make it impossible to address the fundamental causes of distress.

While this assessment may be accurate enough, it exposes planners and local officials to charges of neglect. It can easily be argued that less distressed areas

are receiving more attention than places with severe difficulties. Indeed, areas that are being stabilized effectively show visible improvements as evidence of the attention they have received. While a city like Memphis can state in public documents its plan to concentrate its CD efforts entirely in areas of "incipient decline," in other cities "triage" is a taboo term.

> *Asked about particular neighborhoods in Cleveland where abandonment was extensive (including roughly 25% of the city's land area yet only 10% of its population), one city official claimed that none of these areas were neglected. He pointed out that the city tries to attack the most severe problems – rats, stray dogs and abandonment – and to provide health care and other services. But "it doesn't make sense," he said, "to invest in public facilities there." The city has also adopted a land banking program in some neighborhoods. Vacant parcels are acquired by the City through the tax-delinquency process and marketed when parcels of usable size have been assembled.*

Comforting strategies such as this one, because of their social and political implications, are often publicly described as "preserving" the neighborhood. In fact, officials of the same agency may understand what they are doing in quite different ways. Some officials may sincerely believe they are "preserving" these neighborhoods, while others may harbor private doubts about ever having adequate resources to address the myriad of neighborhood needs there. One Detroit official stated frankly that "some neighborhoods benefit more from demolition than from other development activities."

Planners and officials in these cities are faced with the problem of shrinkage in such deteriorated neighborhoods; distressed areas may never have the same population as they had in previous decades. Shrinkage raises important questions about the options for the future of the abandoned housing stock, the neglected neighborhood business district, the local elementary school. The comforting strategy employed in these "worst case" neighborhoods is not intended to solve such problems, but since "you don't ever just 'write off' a neighborhood," as one Atlanta respondent noted, "maybe it's like helping someone die comfortably. . . ."

Changing

Strategies designed to alter the make-up of a neighborhood's population by attracting higher income residents are evident in cities experiencing a new housing demand. As a result of demographic shifts, increased housing costs, energy shortages, and changed styles of living, a sometimes younger, usually more affluent class of residents is beginning to appear in certain urban neighborhoods. Local officials are encouraging this influx of badly needed middle-class residents by operating neighborhood marketing programs, providing historical designation, planting trees, installing decorative lighting, and making renovation assistance available.

> *In Dallas planners devised a strategy to treat a neighborhood described as deteriorated and experiencing abandonment. They designated the area a historic district, re-zoned with facade controls, upgraded streets and sidewalks and provided ornamental lighting. The strategy's stated goal was to "attract higher income owner occupants" to the area.*
>
> *In New Orleans a similar but more comprehensive strategy was designed for a deteriorated neighborhood which was experiencing initial reinvestment, but where questions remained about resident confidence in the neighborhood's future. In this case, the program components included capital improvements, rerouting of traffic, provision of low-interest rehabilitation loans, and historic district designation. The strategy was described as a result of pressure from pioneers demanding greater services and planning staff attempting to respond to a new trend.*

The resurgence of such neighborhoods has created an important opportunity for planners and local officials. After years of devising strategies aimed at slowing deterioration they are now in a position to orchestrate dramatic improvements. The restoration

of a city's middle class, in whatever numbers, means a strengthened tax base and a smaller outlay for social services. And the strategies needed to bring about such change are among the least costly in the CD repertoire. But the opportunity is, of course, not without its darker side, since the arrival of more affluent newcomers often drives the price of housing out of the range of low- and moderate-income residents.

As with strategies designed to comfort rather than improve neighborhoods, strategies designed to change neighborhoods often result in divergence between what officials are doing and what they say they are doing. Cities may be actively encouraging middle class resettlement but describe their actions as preserving the character of the neighborhoods. While they may believe that the economic health of their cities requires a middle class component and that a certain amount of displacement is the inevitable price of such a change, the political cost of such a position may make them unwilling to state it publicly. Then too, officials in some cities view what the city is doing in different ways, and even a fairly straightforward change strategy may be seen by some as a genuine stabilizing effort.

> *Baltimore has received considerable acclaim for its revitalization successes in many previously deteriorated neighborhoods. The city's approach, however, appears to have precipitated change in a number of neighborhoods. Some critics claim that "the city is a master at targeting low- and moderate-income areas and not low- and moderate-income people." Others see the middle class inevitably benefiting from some of the city's efforts even if they were not the intended beneficiaries when neighborhood revitalization strategies were conceived. Said one community leader, "It now costs $35,000 to rehab a house in this neighborhood. If you can't write down the cost low enough, who are you building them for? You can't help but attract the middle class."*

The Mismatch Between Resources And Needs

Developing a strategy entails the identification of needs and the selection and application of resources to meet those needs. Under CDBG regulations such strategies must be stated publicly. When resources are available to meet a city's needs, its stated strategies are likely to reflect its actual undertakings. Low- and moderate-income residents are helped; the place is physically upgraded, the neighborhood is stabilized, and public posture of officials reflects reality.

However, when resources are inadequate to the needs of a neighborhood, when physical improvements can be most efficiently brought about by altering a neighborhood's economic composition, the congruence between stated strategies and actual strategies breaks down. "Neighborhood preservation" in such cases comes to mean either "comforting" or changing a neighborhood. The comforting strategy is the standard current response to conditions of deterioration thought to be beyond the capacity of local resources to alter substantially.

The change strategy, often the easiest to carry out and the most effective in terms of physical improvement, is in fact fraught with moral and political difficulties. It may be the best match a city can make of its resources to its needs, but the principal beneficiaries are apt to be the more affluent newcomers rather than the resident poor.

The match or mismatch of resources and needs is one of the key factors in a city's ability to develop clear and publicly acceptable strategies. The divergence of what planners and offficials say, do, and think, and the reliance upon "neighborhood preservation" as an umbrella term to describe various strategies may both result from the attempt to meet inordinate needs with limited resources. ■

Selecting Neighborhood Treatments

Neighborhood preservation, as pointed out in the preceding discussion, tends to subsume under its rubric a number of fairly distinct purposes. Once ascertained, these purposes must be translated into action through a particular combination of public interventions which, with the shift in discretionary power that accompanied CDBG, are now determined largely by local policy-makers.

Given the smorgasbord of possible interventions, the bewildering variety of neighborhoods, the limited resources actually available, and the numerous demands put forth by often competing interests, this stage of the neighborhood resource allocation process is particularly complex and challenging. The frustration felt by local officials was noted in the original proposal for this project:

> *Massive investment has sometimes produced little positive result; minimal investment has been followed by apparently quite positive results; and there are any number of dubious cause and effect situations between these poles. Public officials sometimes suspect that the role of public sector action is marginal at best; in other instances, the same officials suspect that their role is critical but are perplexed about what form their action should take. Enormously expensive failures over the last decade have led to an attitude of humility. No one, at this point, can claim to understand sufficiently*

all that needs to be known of the dynamics of urban neighborhood change.

Before the Community Development Block Grant, local discretion was much narrower, both in terms of possible interventions and in the selection of eligible target areas. When cities accepted categorical assistance programs such as FACE (Federally Assisted Code Enforcement) and NDP (Neighborhood Development Program), they accepted along with them the mandated processes for selecting qualified areas within fixed boundaries.

With the broadening of discretion under CDBG, which came about partly in response to local dissatisfaction with the Washington-regulated categorical approach, it became clear that little or no formal theory of neighborhood dynamics was available to guide local officials. Nevertheless, after decades of interventions primarily physical and economic in character, local planners were beginning to sense the need for a more comprehensive approach that would allow for the importance of social factors. They were beginning to feel too that earlier intervention in the decline process was essential.

Already, with the Model Cities effort, many cities had attempted to involve residents in devising treatments for their own neighborhoods and to coordinate all available categorical assistance through Model Cities boards. In the early 1970's federal guidance began to acknowledge that neighborhood context was in some ways as important as individual housing conditions and household incomes. It was at this point that HUD engaged the Real Estate Research Corporation (through its subsidiary, Public Affairs Counselling) to describe the dynamics of neighborhood change. RERC developed the five-stage theory (mentioned above in "Analyzing Neighborhoods") which, though controversial, was adopted in many jurisdictions.

Even in jurisdictions that objected to certain aspects of the theory, RERC's attempt to distinguish between neighborhoods was not lost entirely on local officials. The case for considering neighborhood context had been forcefully made, and as a result, officials are now distinguishing – if only implicitly – between neighborhoods and are selecting somewhat different treatments for those deemed abandoned, distressed or moderately deteriorated. Healthy neighborhoods too are being identified, though they normally require no public action beyond basic maintenance. The experience of the late 1970's has shown that a sudden market upswing in such areas, as well as in fairly deteriorated ones, may require public intervention to deal with the possible displacement of existing residents.

Thus four types of neighborhoods have come to dominate the resource allocation process in most jurisdictions: the abandoned, the severely distressed, the moderately deteriorated and the strong and rising market. The following discussion focuses on the ways in which various jurisdictions are responding to these different neighborhood situations. It should be pointed out, however, that if this categorization of neighborhoods by local officials seems to imply that they are tackling the underlying causes of neighborhood problems, such efforts are, in fact, somewhat conspicuously absent. Local officials appear to be more pre-occupied with symptoms than with causes, and they pay inadequate attention to the role of market dynamics.

Abandoned Neighborhoods

Every city has its "worst case" areas, although completely abandoned areas are rare. Under Urban Renewal, cities would readily tackle abandoned and severely deteriorated neighborhoods with bulldozer and wrecking ball, expecting that land cost write-downs would trigger some form of private investment, but this proclivity toward redevelopment has been tempered under CDBG for a variety of reasons. First, a preservation mentality has developed alongside the Block Grant and has even to some extent been nurtured by it. Second, the large-scale investment regarded as necessary for abandoned areas is generally perceived as being beyond the range of a city's CDBG entitlement now that this funding source is serving so many more neighborhoods than were the categorical programs. Third, the appeal to local officials of working in neighborhoods seen as salvageable, and the pressure exerted by the more vocal constituencies residing therein, combine to turn real attention away from the abandoned areas.

Although doing nothing at all in abandoned areas is a choice that cities can and often do make, other treatments are occasionally employed. Comforting, or "benign neglect" of the few remaining residents is, of course, one approach to abandoned and even severely distressed neighborhoods. Massive redevelopment is another choice that cities have, although it has become, as noted, an increasingly unpopular one. It is true that an unusually large concentration of public funds (e.g., UDAG or capital improvement bonds) and/or massive private investment can make redevelopment feasible. Typically, however, the effect of such an effort is to change the entire nature of the neighborhoods. In the South Bronx, New York City officials are attempting to create subsidized new development in areas cleared in effect by arson, vandalism, and abandonment. While the area's physical character will obviously be changed, the new development is intended in this instance for residents similar to those in the remaining occupied structures or in buildings demolished for redevelopment. The New York approach, unlike other similar efforts, will attempt to address the factors that have contributed to the neighborhood's condition. Thus the city will not only provide subsidized housing, it will also develop employment opportunities and encourage private investment.

Nowadays, however, large-scale redevelopment has come to be regarded by many as "simply throwing more money at the problem areas." Many cities with neighborhoods that are largely abandoned have acknowledged the importance of market forces to whatever future these areas may have. Until such time as private investment potential seems ripe then, the typical treatment of abandoned areas is likely to consist of incremental demolition and boarding, along with land-banking.

Severely Distressed Neighborhoods

The view of the Detroit official that "some neighborhoods benefit more from demolition than from other development activities" may be espoused by many, but local officials rarely speak quite so candidly about the severely distressed neighborhood. Indeed a strongly felt obligation to help existing residents leads some jurisdictions to attempt stabilizing strategies in these areas.

> *Baltimore's Park Heights is one such case. The neighborhood has experienced rapid turnover from white to black, from homeowners to tenants, and from single-family to multi-family residency. The increasingly dense population consists of substantially lower-income residents. To address the problems of this area the city has developed various educational programs including a street academy for dropouts, remedial reading assistance, education advocacy and peer tutorials (run by Park Heights Community Corporation); in addition there are programs for rat eradication, boarding up of vacant houses (done by Park Heights Maintenance Corporation), and for crime prevention. A housing aid and information center has also been set up to assist tenants in becoming homeowners through the Baltimore Home Finance Program. The socially-oriented programs have been buttressed by a variety of housing improvement activities including a Vacant House Program, Homesteading and Section 8.*

This Baltimore program is geared toward stabilizing an area that has undergone traumatic change, with the aim of helping current residents remain in place. This is not an easy task and there are numerous examples of severely distressed neighborhoods where attempts to rehabilitate and rehouse existing residents have failed to truly stabilize the area. The subsidized Section 221 (d) (3) and 236 projects developed in these neighborhoods have often been foreclosed or have come to require more and more subsidies to survive. In such instances, it is likely that the underlying causes of decline were either improperly identified or were not addressed.

In some cities incompatible land uses have been taken to be the root cause of severe distress in various neighborhoods. One response, of course, is to accept industrial encroachment as inevitable, even desirable, and to assemble a package of programs designed to mitigate the worst aspects of change and to comfort

the existing population. An alternative response is demonstrated in:

> *Detroit's Hubbard-Richard area, an older residential neighborhood in fair-to-poor physicial condition. The neighborhood is stable and split almost evenly between blacks, whites, and Hispanics. The area is surrounded by heavy industry that has been slowly expanding into residential sections. The city's response has been to devise a new land use pattern that would simultaneously permit industry to expand and yet maintain a stable residential community. The components of the program, funded out of CD, the Urban Systems Fund and the city's Capital Improvement Program include: removal of abrasive industry, re-routing of heavy traffic, development of new low- and moderate-cost housing on a former industrial site, and rehabilitation of the existing housing stock.*

Different assessments of very weak but still occupied neighborhoods have led other cities to treatments that diverge widely from those employed by Baltimore and Detroit.

> *In Dallas, the Near East Dallas area adjoining the central business district was characterized by obsolete housing stock and abandonment. Here a developer undertook private demolition, intending to construct middle-income housing. After he got underway, the recession in 1974 brought all local development to a standstill. This unbuilt middle-income housing emerged as a Dallas priority and the City escrowed sufficient CDBG resources to purchase the land from the developer if he could not carry out his plan. This reduced his risk and enabled him to arrange very favorable financing. There will be little real cost to the city, except for some park improvements adjacent to the redeveloped area and a largely HUD-financed modernization of a nearby housing project.*

This case demonstrates a clear intent on the part of the city to see the ills of one section of Dallas resolved through redevelopment. While this type of drastic change is now unusal as a solution to severe distress, changes of more modest proportions are not. In certain deteriorated neighborhoods with interesting architecture and easy access to the downtown business core, the reviving urban housing market has begun to restore buildings. Some cities have decided to harness this momentum and have actively attemped to promote such neighborhoods.

> *St. Louis developed a demonstration partnership with the Federal National Mortgage Association (FNMA) to restore areas with "structurally sound and architecturally beautiful housing stock," but which had been redlined by local lending institutions in the past. To spur more revitalization within specially designated areas, FNMA devised innovative mortgage terms, including graduated term mortgages; standing mortgages, which for a limited time require monthly payments to cover interest only; and capitalization mortgages in which, during early years, monthly payments are even less than interest but the original loan balance grows.*

One of the purposes of the FNMA program was to develop mechanisms that would make financing available to middle-income families who wish to live in the city. Hindsight is beginning to suggest, however, that this program may have triggered gentrification in the target areas more than it assisted existing homeowners with rehabilitation funds.

Moderately Deteriorated Neighborhoods

This study's reconnaissance suggests that moderately deteriorated neighborhoods are the primary focus of public assistance in the majority of jurisdictions. Intervention in such neighborhoods is widely advocated by practitioners primarily because timely action is deemed more cost effective than the massive investment a delayed intervention would almost inevitably entail. This is the reasoning that has given rise to the concept and actual practice of triage.

Although a changing strategy in moderately deteriorated neighborhoods is feasible and not unheard of, the purpose of a city's actions in such neighborhoods

is, generally, to stabilize them on behalf of the incumbent population. The San José stabilizing example cited in the preceding chapter is typical of the kind of treatment cities apply to moderately deteriorated neighborhoods. Residents without the means to upgrade their property are encouraged to do so through public assistance in the form of rehabilitation grants, loans or rebates. The city also makes a visible display of its commitment by deploying some capital improvement funds to the area. The rationale for such an approach is that an overall improvement in the physical appearance of a neighborhood will contribute to its stability by making the place more desirable for the entire existing population.

A constrasting approach to the problems of a moderately deteriorated neighborhood is to single out the local commercial district as the key to its stability.

> *Chicago's Lincoln Square is an ethnic neighborhood that has experienced some deterioration in recent years. A major traffic intersection was seen as particularly deleterious to the neighborhood, especially to adjoining neighborhood streets. The City designated the neighborhood as one of the first targets of its Business Area Improvement Program.*
>
> *The traffic pattern was first improved by rerouting through traffic off several neighborhood streets. A shopping mall was then created on a street from which traffic had been barred. Sidewalks were widened, trees planted and a small plaza constructed. At the same time the transit authority undertook extensive rehabilitation of the local transit station. Streetscaping costs totaling approximately $4 million were funded jointly out of CDBG and Local Public Works money. The neighborhood's Chamber of Commerce, heavily involved in the project, also arranged matching funds from a local bank to create a promotional budget for the neighborhood.*

Chicago, along with a number of other cities, is also beginning to fund local development corporations in neighborhood business districts and to devise ways and means of encouraging merchants to undertake facade improvements. Though a rather indirect method of improving neighborhoods, such revitalization of commercial districts is frequently justified as protecting both public and private investment in surrounding residential neighborhoods. Given the fact that business districts tend to be the focal point of most neighborhoods, reinvestment in them may be the only cue needed for residents to invest in and upgrade property on which they had been deferring maintenance. Revitalization of a local business district is also seen as improving the "quality of life" in a neighborhood – enhancing its aesthetic appearance and providing area residents with readily accessible retail goods and services. Commercial revitalization has an important economic development rationale as well. Local businesses are usually significant sources of employment for their areas, and healthy commercial districts generate more property, sales and other taxes for local government.

Despite these economic development ventures, housing-based treatments still tend to dominate the local government response to moderately deteriorated neighborhoods. In addition to directly aiding homeowner improvements, some cities are now facilitating home ownership.

> *Columbus has devised such a program for its Dennison Place, Necko and Harrison West neighborhoods. Seventy-nine run-down houses in the area, originally purchased by Battelle Memorial Institute as part of its expansion plans, are now being acquired by the City and Near North Housing, Inc., a non-profit organization. Battelle has donated four buildings to NNH and provided a cost write-down of $200,000 in the acquisition of some two-family structures. The remaining properties are being purchased at a mutually agreed upon appraised value. Since rehabilitation costs on the houses are high, the City is using a $2 million HUD Innovative Grant and a special set aside of Section 235 mortgage contract authority to subsidize low- and moderate-income buyers. In order to ensure that the area remains socio-economically mixed, Section 8 rental subsidies are being earmarked for the rehabilitated two-family structures, twenty-four*

new Section 8 units are being constructed, and a recycled school building will produce thirty-three new elderly units.

With minor variations, such home purchase assistance programs are quite common but very small in scale. Homesteading, a nationally known practice to accomplish roughly the same purpose, is employed in most large cities, although it has not as yet restored enough units to be statistically important and its overall impact remains minimal. The purpose of programs that encourage home ownership is quite clear; by giving residents a real stake in their neighborhood, stability is enhanced. If facilitating home ownership is a key to neighborhood stability, though, the almost inherent inefficiency of local government bureaucracies may be a major obstacle. It is in acknowledgement of this fact that some jurisdictions have subcontracted experienced community-based organizations (CBO's) to provide counselling and technical assistance rather than assigning an agency of the municipal government to perform this function. Such organizations may not only be more efficient, they may be better able to strike a balance between that efficiency and the sensitivity necessary to deal with people's needs. One example of such a city-CBO relationship is in:

Cambridge, Massachusetts, where Riverside Cambridgeport Community Corporation (RCCC) has developed its own program under a city contract to enable tenants to become homeowners. Here the market is strong, threatening tenants with displacement if they cannot acquire title to their homes. Qualified tenants earn the downpayment for purchase through sweat-equity rehabilitation of their triple-deckers (freestanding frame structures common in New England) and take title. To help the new owner afford his home, RCCC arranges for two other families qualified for state rental assistance to move into the re-done apartments as tenants.

Just as some municipalities have recognized that there are advantages of efficiency in subcontracting rehabilitation to a non-profit corporation, they have also begun to realize that the credit needs of the moderately deteriorated neighborhood can also be met more efficiently. In many jurisdictions CD funds have been used like section 312 money to substitute for private credit in areas said to be redlined. However, in an effort to get "more bang for the buck," municipalities have teamed up with local lending institutions to form partnerships in which CDBG funds are used not to replace private credit but only to reduce the effective interest borne by the borrower.

One of the most formalized partnership approaches being employed to stabilize moderately deteriorated neighborhoods is, of course, Neighborhood Housing Service (NHS), now operating in roughly one hundred neighborhoods around the U.S. Under this program, which originated in a moderately declining Pittsburgh neighborhood that had been bypassed for FACE program designation, residents fix up their homes, lenders provide market-rate financing to the credit-worthy, and the public sector commits itself to capital improvements agreed upon by the neighborhood. Housing subsidies from public sources are provided through a neighborhood board that reflects the partnership interests. One NHS case of particular interest is:

In Baltimore, where NHS has revitalized a down-at-the-heels ethnic neighborhood. As the residents began to rebuild neighborhood confidence, a local savings and loan institution pioneered an innovative lending concept: appraising future property values at over two times annual household income and lending on this basis, thus yielding the borrower a substantial amount for home improvement. Not only has the Baltimore NHS been marketing the area to develop a more diverse population mix, it has also brought together the key housing actors in a model that other neighborhoods might note. It begins to make use of a middle-income influx to the advantage of lower-income residents.

NHS can produce a dynamic somewhat different from the Baltimore effort to stabilize a neighborhood:

In Atlanta, Grant Park became a NHS area some years ago and also took advantage of an

opportunity offered by Central Atlanta Progress (CAP), an entirely private commitment to the revitalization of Atlanta. CAP pledged $60 million for loans to help newcomers invest in properties close to downtown, convinced that revitalization of run-down neighborhoods with original housing stock of good quality was best spurred by attracting energetic newcomers.

Grant Park residents did their homework in researching eligibility for public assistance so well that they were able to turn Grant Park into Atlanta's model revitalization neighborhood. Treatments beyond loans include rehabilitation, downzoning, neighborhood marketing, and a wide range of public improvements, the cost of which were partially recovered by a betterment tax levied in the affected area.

Grant Park has become a showcase for public and private investment. The city asserts that the purpose of the various efforts is "to stabilize an integrated neighborhood." Yet with so much public attention focused on Grant Park, and with middle-class newcomers now dominating the neighborhood, it appears that, intentionally or not, the city has been effecting change rather than ensuring stability in this particular area.

In the Atlanta instance, as in the earlier St. Louis-FNMA case, displacement of lower-income residents may now be imminent as they fail to increase their incomes to meet the almost inevitably higher property taxes or rents. Close monitoring of revitalization activity in these neighborhoods may well have revealed when revitalization had begun to take hold. At that point, the public sector could have withdrawn from the immediate area and built upon the momentum established by encouraging revitalization activity in adjoining areas. Instead, as these cases demonstrate, public intervention in areas with the potential for an overheated market may easily produce an unanticipated negative outcome.

Strong And Rising Market Neighborhoods

In the first half of the 1970's cities were almost exclusively concerned with issues related to neighborhood decline. The Real Estate Research Corporation's five-stage continuum, to the different degrees that it was absorbed locally, reinforced this preoccupation with decline. Accordingly, few cities were on the alert for strong neighborhood markets or had any idea what to do when they found themselves suddenly managing revitalization opportunities instead of attempting to cope with blight. Recognizing and dealing with this situation is still a relatively new task for local officials.

Seattle is experiencing greater pressure on its housing market than most cities. A phenomenal surge in housing demand occurred right on the heels of the housing slump of the early 1970's, when the quip, "Will the last one out of Seattle please turn out the lights," was a favorite saying. Property value increases have been remarkable – a $10,000 property appreciating to over $100,000 in five years is not unusual.

As these increases are spread throughout the city, Seattle is facing a displacement problem not only in one or two gentrifying areas but in virtually every neighborhood. The city is responding by placing an increased emphasis on its housing programs, especially on those which aid renters. Rehabilitation of multi-family housing is now a priority program, and all 312 funds are being allocated to rental housing improvement. Single-room occupancy stock is being preserved because it houses many of the city's lowest-income residents. Community run programs such as homesteading, self-help housing construction and housing rehabilitation cooperatives are being tried and the city has committed itself to construction of 300 new public housing units a year.

Such efforts to offset the impact of market trends on the city's low-income population, even if they can be rapidly implemented, may nevertheless be overwhelmed by the socio-economic tides now surging through Seattle's housing markets.

In Boston, the market resurgence has been more gradual, rendering the planners' task much easier: influencing the new housing demand to enter weaker neighborhoods instead of allowing hot spots of gentrification to develop and send housing values soaring while they languish elsewhere. Treatment in Boston has included visible public improvements such as libraries, community schools, parks, streetlights, offstreet parking for shoppers, and fix-up incentives for resident owners, with direct cash rebates of between twenty and fifty percent. The city has also been marketing the image of neighborhoods and stock types for which demand is currently weak.

Some jurisdictions have devised programs that simultaneously bolster the improving housing market in particular neighborhoods and minimize the negative impact on existing residents.

In St. Louis, the Central West End's housing market is appreciating considerably. Rehabilitation is extensive and private developers are anxious to accelerate their investment in the neighborhood. The city has decided to stimulate further demand for previously deteriorated, even abandoned, housing and commercial facilities in the neighborhood. The additional upgrading will be accomplished through concentrated code enforcement, the state Chapter 353 law which offers tax abatement and eminent domain powers to developers, and selected public improvements. In response to the needs of low- and moderate-income homeowners and renters, particularly the elderly, the city is committing Section 8 Substantial Rehabilitation and New Construction funds.

Even though rising market conditions are becoming increasingly common in deteriorating sections of many cities, it is noteworthy that there are so few planning measures being designed to deal with or harness these new dynamics. The nation has experienced housing crunches before, most memorably just after the Second World War. The federal government responded at that time by creating the FHA to spur construction. For their part, local governments in some cases allowed homeowners to create accessory or "in-law" apartments in their homes, thereby expanding the number of units. Devising new measures to offset pressures on many inner-city neighborhoods will undoubtedly be one of the great tests of local planning capability in the coming decade, as the "baby boom" generation places its demands on housing markets.

Causes And Dynamics

Obviously, the above does not represent a complete inventory of the practices currently employed by jurisdictions to deal with the problems of different types of neighborhoods. Yet, while not exhaustive, this review does serve to demonstrate that even in similar types of neighborhoods cities are intervening in different ways. Without a theory of neighborhood change, and with no proven method of treatment to guide them, municipal officials seem to be responding to a variety of signals. Despite widely varying responses, though, it is possible to distinguish certain patterns. It is clear, for example, that cities are more inclined to deal with symptoms than with underlying causes and that, given this tendency, they are likely to focus on neighborhoods where treating symptoms will have the most effect. Perhaps implicit in this basic tendency is the further tendency to give short shrift to neighborhood dynamics, while concentrating, perhaps by default, on a neighborhood's current condition.

Many responses appear to be *ad hoc* reactions to local demand, treating symptoms with programs that are either already familiar or are adaptations of programs in use elsewhere. Treatments grow out of compromises among countless potential constituencies of differing interests, and interventions take place where support seems firmest and opposition most limited. The "need to do something" – or even just to be seen doing something – results in gestures that may or may not be appropriate in the given circumstances. Public pressure for highly visible responses may be difficult

for elected officials to resist. In an instance where, for example, local government may be trying to restore neighborhood confidence, it might opt for some visible form of public intervention, such as 312 loans, when an indirect action, such as a change in tax policy is what is really needed. Given the elusive nature of neighborhood confidence, such a determination is obviously a difficult one to make, but even where individual planners might intuitively recognize what is needed, bureaucracies as a whole are usually not capable of registering and acting upon such fine distinctions.

As with many terms in the urban lexicon, "community development" is employed very loosely. Strict interpretation would suggest that local government investments should be geared toward building neighborhood self-sufficiency. However, by focusing on symptoms rather than causes, and by ignoring the roles played by critical actors in sustaining a community, many neighborhood treatments actually foster dependence on government and ensure continued reliance on public resources. For example, when banks ceased making six percent loans, officials in many cities devised schemes to provide below market rate loans by using CDBG much as they had Section 312. But with the private sector circumvented so entirely, and with loans usually available to only a fraction of those who wanted them, this treatment often created needless difficulties. Resident owners were encouraged to rely on cheaper government credit, yet annoyed by its on-off availability and the associated red tape to screen out "unworthy" applications. In such instances, housing maintenance may have been discouraged as much as it was encouraged.

The problems created by a public sector "go-it-alone" policy are beginning to be recognized by local governments, however, at least in their more recent interventions. By working with local lending institutions, working through the NHS vehicle, and working in tandem with non-profit community development corporations in certain neighborhoods, local governments are starting to acknowledge that a combination of public, private and community actions must be involved in any successful lasting development of neighborhoods.

There are, of course, numerous neighborhood circumstances in which an attempt to build self-sufficiency is hardly feasible, because the groundwork to support such independence is lacking. In neighborhoods where the problems are systemic and intractable, the obvious response is to start from scratch, creating jobs, providing for education, and supplying the massive public investment needed as a basis for community development. Such actions are generally thought to be beyond the scope of local government, although even here some efforts are being attempted. The neighborhood economic development activity now being nurtured by some local governments is a genuine effort to get past symptoms and deal with causes – and is thus a more appropriate treatment for the worst case neighborhoods. But such activity is still in the embryonic stages and it is difficult to estimate its eventual effectiveness in healing or heading off the most serious kinds of neighborhood distress. In the meantime, local governments are likely to limit their efforts to housing subsidies, social services, and the like, which are designed to mitigate the symptoms rather than tackle the causes of urban ills.

If the treatments typically applied to severely distressed neighborhoods do not deal with underlying causes, those geared to neighborhoods on the upswing appear to have been equally oblivious of fundamentals. The great majority of programs operating at the present time are aimed at improving housing conditions – indeed the provision of a decent place to live is basic to the whole CDBG undertaking – but very few programs really take into account the dynamics of the housing market. It is true, though, that this situation shows signs of changing. The sudden and often dramatic regeneration of neighborhoods in which no public intervention has taken place is forcing on planners and policy-makers a new awareness of the importance of the market. Institutions move notoriously slowly, however, and it is likely to be some time before this awareness is translated into fundamentally new types of programs or even into a basic reorientation of the kinds of programs currently in use.

The critical first step is the development of a common understanding of how neighborhoods do in fact improve. The National Association of Neigh-

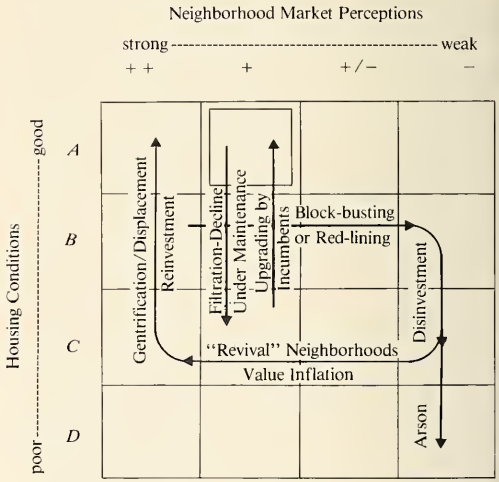
borhoods has recently put forth a continuum of neighborhood revitalization which suggests four stages: beginning, heating up, taking off, and stabilizing.[1] While these distinctions are useful, the continuum has the same defect as the RERC version for neighborhood decline: it assumes that neighborhood change is a linear movement. Neither pattern explains why structures of similar age, appearance and condition in two fairly similar neighborhoods may occupy positions at opposite poles of the housing market – one set of structures undergoing rapid disinvestment, the other quickly gentrifying.

While middle-income newcomers are being actively encouraged to move into certain neighborhoods, most cities are as eager to avoid the extremes of gentrification as those of disinvestment. To do this requires that policy-makers combine their traditional sensitivity to physical housing conditions with a new awareness of neighborhood market perceptions. It means designing programs to encourage demand where it is weak and causing the stock to decline, and cooling it where markets are rising and creating the threats of speculation and dislocation.

To accomplish this, planners need a grasp of the relationship between housing condition and market factors. Rolf Goetze has conceptualized this relationship in the matrix reproduced on the right.[2] The matrix succeeds where a continuum fails in that it differentiates declining from revitalizing dynamics in neighborhoods with housing in similar condition.

One would expect good housing conditions and strong neighborhood markets, and poor conditions and weak markets to coincide. To a large extent they do. However, they do not always, and the points at which they diverge should be of particular interest to local officials. Areas with only a mixed market for good housing and areas with a strong market for mediocre structures are by no means optimal, even for housing in good condition, because the incentive for proper maintenance erodes in markets where virtually anything can be sold or rented. Obviously, market strength is difficult to measure, for it is a function of the combined perceptions of the many disparate actors involved, so Goetze's matrix can only approximate reality. Nevertheless, it can help to visualize the possible directions in which a neighborhood may be moving as its housing deteriorates or improves.

Matrix of Neighborhood Dynamics



For example, a stable neighborhood of elderly homeowners in which housing is being undermaintained is moving from B+ in the matrix to perhaps C+. The same neighborhood, if block-busted, could move to B− in the matrix, and through further disinvestment to C−. At C− its housing is in the same condition as C+ housing, yet its different position vis-a-vis the housing market would indicate different treatment by planners. Similarly, young professionals entering a C− neighborhood could, by their presence alone and without any real renovation, move it to a

1
National Association of Neighborhoods, *Displacement Prevention Handbook*. Washington, DC, pp.46-47, forthcoming.

2
Rolf Goetze, *Understanding Neighborhood Change*. Cambridge, MA, Ballinger Publishing Co., 1979, p 38.

C+ revival neighborhood, which then gentrifies through turnover and re-investment in the individual units to A++. While it was at C−, this neighborhood was prone to arson and in need of one set of treatments. At C++, though no physical change has taken place, it is prone to displacement and requires another set of treatments. Action taken at the C+ stage could push the neighborhood in the direction of the ideal A+ position before its market overheated and led to A++ and the displacement of its original inhabitants.

At the inception of the Community Development Block Grant, there was a general perception that neighborhoods were on an almost inevitable spiral of decline. "It was a time," one respondent remarked, "when almost anything you tried was at least a good intention." Many of the more intractable problems that existed in neighborhoods then still exist, of course, and they will doubtless remain a challenge to local officials in the future. Yet the spontaneous revival of many urban neighborhoods in the latter part of the 1970's, as a result of new middle-class blood or of the organized efforts of existing residents, suggests that cities are entering a different era. Opportunities have replaced problems in many instances. Local government in some jurisdictions has begun to recognize this new context, to coordinate with other interests, to harness indirect efforts, and to deal constructively with market dynamics. For cities that have not so readily embraced such alternative approaches to neighborhood resource allocation, this may mean reconsidering somewhat the role of local government. But as we enter the 1980's, an era that promises fewer public resources, such an entrepreneurial role is not only desirable, it is almost inevitable. ■

8

Leveraging

In the Great Society years, it was assumed that government could single-handedly tackle the challenge of community development. Today that perception is changing. The continuing scarcity of resources, coupled with accelerated demands and expectations on the part of citizens, has placed an increasing strain on the limited funds available to municipalities. Many planners and local officials have discovered that to multiply the efficiency and effectiveness of their resources they must use them to leverage private investment. Thus the concept of leveraging has gained considerable currency in recent public planning efforts.

Leveraging brings local government into various types of formal and informal partnership with private enterprise and in doing so raises the question of the proper roles of the public and private sectors. In the "go-it-alone" days of the 1960's, government took upon itself a number of roles traditionally assumed by the private sector. But the 1970's saw mounting resistance to this trend and with tax-payer revolts such as Proposition 13 in California, Americans began altering the direction their government would take. There was a growing recognition that some roles assumed by government were in fact best performed by the private sector and a sense that the national prosperity was more dependent upon private than public investment. Engaging the private sector in government-initiated community development projects, then, is a way of restoring to the private sector the range of activities deemed appropriate to it.

"Leveraging," of course, is a very broad term, which can signify a number of different activities. The pump-priming of Urban Renewal days is a form of leveraging private investment that still lives on. Recently, more formal joint ventures between government and private interests have developed. In addition to such large-scale efforts, local governments are employing a variety of means to induce the investment of individuals, of lending institutions, or of neighborhood groups. And in numerous ways, local governments are experimenting with their own taxing and regulatory powers to make private investment easier and more attractive. But in whatever form it takes, leveraging is becoming one of the preferred forms of public expenditure for community development, regarded as justifiable and appropriate wherever private activity is risky or uneconomic.

Urban Renewal/UDAG

Although it may now be enjoying unprecedented popularity, leveraging is not an entirely new idea. In the form of pump-priming, leveraging was the basic intention of Urban Renewal efforts. Land acquisition, clearance, street improvements, and cost write-downs to developers were intended in a rather broad way to promote economic activity on the part of the private sector. Many jurisdictions are still engaged in this form of leveraging, some completing yet unfinished Urban Renewal projects, others employing CDBG funds for major redevelopment for the first time.

> *San José's San Antonio Plaza Redevelopment Project is a city effort to revitalize a blighted eight block area originally cleared in the 1960's with Urban Renewal funds. The city is allocating a quarter of its Block Grant entitlement to the project because, as one official remarked, "We need to do highly visible things to attract the private sector." Plans include the construction of separate state and federal buildings, parking facilities, and a host of capital improvements. Approximately $3.3 million of the Year V CDBG allocation was earmarked for additional land acquisition and demolition, parking facilities and other capital improvements. These funds will be augmented by $1.3 million from the city's Capital Improvement Program and another $1.3 million from the General Fund. It is hoped that these investments will spawn extensive private development, including a major hotel plus office, residential and commercial space.*

Similar efforts to prime the local pump are being planned or carried out in Miami, San Francisco, and San Diego. It is generally taken for granted that this form of leveraging produces substantial public investment, but it is difficult to calculate the exact effects. There is no accepted methodology for computing a leverage multiplier nor is there necessarily a formal public-private relationship.

It is in both of these respects that the more recent Urban Development Action Grant (UDAG) formula differs from earlier leveraging models. A genuine joint venture of the public and private sectors, the Urban Development Action Grant requires a demonstrated commitment on the part of all private participants prior to the federal government's awarding of the grant to a local jurisdiction. In addition, the proposal must demonstrate at the outset an explicit public-private leveraging ratio of at least 2½:1. In the first nineteen months of its operation, the UDAG program succeeded in leveraging $6.05 in private investment for each public dollar committed.

While UDAG's are normally used for major downtown projects, there are various instances of their being used to benefit neighborhoods. Flint, Michigan, has decided to channel revenues from a downtown UDAG-funded project into a neighborhood development corporation, and a proposed downtown UDAG project in Boston will generate revenues (in the form of a loan repayment by the developer) for a Neighborhood Development Fund. There are also instances now of UDAG's being applied directly to neighborhood development efforts. Where political or other reasons might make it difficult to commit massive CDBG funds to individual projects, the UDAG is a welcome opportunity.

> *Denver received one of the first neighborhood UDAG's, $13.5 million to undertake a large-scale revitalization project in Lincoln Park, a*

Chicano barrio that is one of the most deteriorated sections of the city. CDBG funds were generally considered to be inadequate to the magnitude of perceived needs and so at the initiative of the local community develoment corporation, the city assembled a package of various incentives that would stimulate private sector investment.

Nine million dollars of the UDAG will be used to acquire and clear thirteen particularly blighted areas within the neighborhood and relocate any remaining residents and small businesses. The cleared land will be sold for $1.2 million to a developer who will construct 770 units of middle-income housing at a cost of $25 million. The developer has secured a financing commitment from a local lender, an FHA insured construction loan and a GNMA permanent mortgage insured by FHA at 7½ percent for 40 years.

In order to help existing owner-occupants repair homes, to help tenants purchase homes, and to modernize public housing in the area, the city has earmarked Colorado Housing Finance Agency funds, Section 312, Section 8 Substantial Rehabilitation and CDBG funds for various programs. Some of the UDAG allocation and a massive commitment from a local lender will be used in the program to help low-income households purchase rehabilitated units. A further $2 million of the UDAG will go toward extensive street improvements in Lincoln Park.

As noted earlier, such large-scale demolition, clearance and reconstruction efforts are becoming somewhat less frequent, and local governments are leaning increasingly toward stabilizing existing communities where minimal interventions can produce a more lasting difference. But on this level too leveraging is taking its place as a key component in public policy formulation. In fact, the forms of leveraging carried out in these neighborhood preservation efforts may have more significance for the future than even the most successful of the large-scale joint ventures.

From Section 312 To NHS

In something of a departure from the traditional sense of public responsibility, local governments began in the 1960's to offer loans and grants directly to individuals for the purpose of home improvement. Below-market-interest-rate loans (BMIR) made their debut with the federal Section 312 program and have been continued in some jurisdictions with the use of CDBG funds. The original program grew out of government's felt need to stimulate housing rehabilitaion at a time when the private sector was increasingly unwilling to make loans in some urban neighborhoods and certainly unwilling to lend at rates substantially lower than those of the prevailing market. Rather than attempting to influence lenders with risk reduction guarantees or to offset their conventional rates with small subsidies, government chose to supplant the private sector entirely – providing all the capital and assuming all the administrative functions.

Section 312's basic premise appears to have been widely accepted and the program has been replicated, modified, and extended in countless ways by many jurisdictions. The Municipal Loan Program in Hoboken, tying in with New Jersey's state assistance programs, is one widely publicized example. Boston's Housing Improvement Program and a now discontinued BMIR program in Cleveland, both funded with CDBG monies, are other cases where a direct government-individual relationship has to varying degrees circumvented the traditional role of the banking sector.

This substitution of government for the private sector has, however, already lost favor in many areas. Some cities fear that their direct, low-interest loans are competing with the private sector at terms it cannot match, thereby discouraging private re-investment, and many cities are also concerned about creating a demand the public sector does not have the resources to meet. Then, too, program administration and loan servicing are regarded as better left to the private sector on the assumption that the latter is more efficient than government. These concerns have led to the creation of housing rehabilitation programs involving both public and private sectors. Local government is either offering interest subsidies or is guaranteeing

conventional rates in areas previously ignored by banks. By availing themselves of a local lender's loan servicing capability, jurisdictions have discovered that they can reduce administrative costs and induce a larger volume of rehabilitation activity with a given amount of public resources.

Cleveland has developed the Cleveland Action to Support Housing (CASH) program that is operated by a non-profit corporation, CASH, Inc. Representatives from each of twenty-one participating banks, two city and two community representatives make up a board of trustees. Corporation staff processes loan applications like any lender and recommends one of three loan packages to a small loan review committee – a conventional loan, a city loan or one that is part city, part conventional.

The conventional loans approved are assigned to lenders on a rotating basis. No lender has the right of refusal, having surrendered individual underwriting authority to a central loan review committee. The common underwriting standards are also more liberal than normal.

In order to leverage these commitments from participating banks, the city has earmarked CDBG funds for homeowners who are wholly or in part "unbankable," has agreed to undertake mandatory code enforcement in several target areas and has committed to fund capital improvements in CASH neighborhoods. A final point worth noting is that all loans made by the banks are conventional loans. It was part of the city's purpose to demonstrate that lending institutions could make conventional loans without assuming unacceptable risks.

A variation on this type of leveraging the investment of local lenders involves the issuance of local government revenue bonds. Where this practice is underway, municipalities are making use of certain of their own fiscal prerogatives rather than drawing on their capacity to spend as a means of stimulating rehabilitation activity.

Pittsburgh has perhaps experimented with more financial mechanisms to promote housing rehabilitation than most jurisdictions. Local staff recently looked to other revenue sources upon realizing that rehabilitation needs extended into neighborhoods which could not be characterized as "low- and moderate-income" and that the city's capacity was limited by reliance solely upon its CDBG entitlement.

The city subsequently floated a local bond issue – $10.9 million in the first year – enabling it to cater to the needs of homeowners with incomes up to $25,000 by offering loans at 7⅛ percent. Three percent loans are also offered to families with incomes of up to $13,750 – the extra subsidy coming from the city's CDBG entitlement.

Five banks and nine savings and loans associations originate the loans but then sell these loans to the city. The banks are content with the fee income for processing and maintaining each loan plus a premium from the city. In addition each loan is insured up to 90 percent through FHA Title I, with the remainder guaranteed by a CD reserve fund. City staff, in turn, have been pleased with their vastly increased leveraging capacity and the administrative efficiencies of employing the banks to service the loans and conduct the FHA paperwork.

Perhaps the most thoroughgoing form of leveraging private investment is that which involves both local lending institutions and neighborhood residents at the same time. The NHS program, referred to elsewhere in this report, is explicitly intended as a joint venture by local government, the private sector, and community residents working together through a private, non-profit, autonomous organization. NHS programs, although adapted to meet the needs of each NHS designated area, tend to resemble a basic model. Dade County's NHS is fairly typical.

Dade County saw its first NHS established in 1978 in West Little River, a neighborhood with 2,000 housing units and a population of

10,000. The non-profit organization has a fifteen-member board composed of eight elected residents, five representatives from the financial institutions (two from commercial banks and three from savings and loans) and two local government officials. At the outset, each of the three participating groups made separate yet complementary commitments to the operation of the program. Dade County earmarked CDBG monies to fund all capital improvements needed within NHS area boundaries, the lenders committed to making every "bankable" rehabilitation loan and the community has agreed to maintain neighborhood housing to the highest possible standard.

Operating funds for the NHS are provided by the twenty-seven lending institutions that participate in the program. Every loan application that is deemed unbankable by the NHS loan committee (consisting of bank, government, and community representatives) is then considered for a Section 312 loan or a Dade County CDBG-funded rehabilitation loan. As a last resort, a CDBG-funded High Risk Revolving Loan Fund of $100,000 is available to applicants not meeting the lending criteria of the other options. Repayment terms are devised to meet the needs of the individual borrower, thereby ensuring that all residents can afford to participate in the program.

NHS staff in Dade County assert that there has
v developed a strong mutual respect among the
ious participants that had not existed hitherto – a
timent that appears to be held by NHS participants
many jurisdictions. Local governments typically
e the NHS initiative, proposing capital improve-
nts and a revolving loan fund in return for a com-
ment by bankers simply to lend at conventional
es. In Dade County it was the financial community
t took the first step. But ascertaining who is lever-
ng whom seems less important than the discovery
a commonality of purpose which makes possible
s degree of co-operation between government, the
vate sector, and individual citizens.

Governance

The same scarcity of resources that has induced local government to develop the more imaginative investment strategies represented by these leveraging techniques has, in many instances, encouraged City Halls to look more closely at their own taxing, legislative, regulatory and administrative powers for ways to stimulate private action.[1] Local planners and policymakers are beginning to recognize the powerful effect that such tools as land-use controls and tax policy can have on the private sector. For example, tax abatements are now being used to encourage home fix-up. In Pittsburgh, increased assessments on property improvements are deferred for three years following completion of the work. Seattle's tax policy applies to properties rehabilitated with the aid of public funds, thereby targeting the impact by way of public program eligibility criteria. Philadelphia and Indianapolis have also introduced similar policies with variations according to the type of property or area being targeted.

City Hall also has at its disposal the little-tapped ability to market its neighborhood business districts and residential areas. A somewhat innovative and low-cost scheme to leverage its entire public-private investment in a number of neighborhoods was developed in:

> *Boston where staff discovered the effectiveness of rebuilding "neighborhood confidence" by influencing the behavior of key actors: homeowners, potential buyers, real estate brokers and bankers. The city devised a series of marketing tools in order to strengthen selected neighborhoods that were experiencing deterioration and that had previously been redlined. The tools included: working with the media to improve neighborhood image (e.g. more than two dozen positive news stories concentrating on urban lifestyle, a TV public*

1
For a detailed examination of governance strategies, see SRI International (in conjunction with the Urban Consortium), *Rediscovering Governance: Using Nonservice Approaches to Address Neighborhood Problems.* Menlo Park, California, February 1980.

service special on one neighborhood), developing informational materials (a brochure on the triple decker housing stock and a "Living in the City" guide describing every city neighborhood), printing neighborhood posters, and working with brokers and bankers through seminars, neighborhood tours.

Although assisted by a $275,000 HUD Innovative Grant, the Neighborhood Marketing Project relied more upon symbolism than on any major capital outlays. From a leveraging standpoint, it is impossible to compute just how much actual reinvestment resulted from this experiment in changing perceptions, and it is difficult to distinguish between project-induced changes and changes accompanying larger social and economic forces concurrently at play. But an MIT evaluation concluded that housing demand was steered to those traditionally weak markets, and that the city's efforts had produced an enthusiastic and supportive response from bankers and brokers.

The range of "non-service" or "governance" tools is quite extensive. Anti-redlining ordinances have been passed to assure lending in every area; differential code enforcement (covering only health and safety) is being used to discourage abandonment by owner-residents; condominium conversion is being regulated to avoid displacing poor tenants and to help preserve rental stock; and rent control is being employed to slow rent increases in existing housing and to help low-income tenants remain in residence.

In these and similar moves, local government is demonstrating a new awareness of its ability to govern as well as to spend. Of course, the governance approach is not without its pitfalls, perhaps chief among them being a tendency toward citywide application of measures conceived in response to the problems of one or two neighborhoods. The unintended effect of such across-the-board application may be to discourage private investment in areas where it is badly needed. But this danger can often be skirted by designing governance measures flexible enough to respond to differing neighborhood dynamics – though measures of this type are admittedly more difficult to accomplish and oversee. A mortgage review board, for example, unlike a simple anti-redlining ordinance, may with its case by case approach be able to assure equitable lending practices throughout the city without producing a negative effect on private investment potential. When sensitively designed, then, governance measures can bring about beneficial private sector activities, allowing government to accomplish desired public ends without funding new programs or services.

To Leverage Or Not To Leverage

Though city and county governments across the nation have now espoused one or another form of leveraging to stimulate activity that private investors acting alone would find either too risky or insufficiently profitable, there are still a number of jurisdictions where the concept is not particularly relevant. Leveraging is not widely practiced, for example, in jurisdictions, particularly urban counties, that are still growing. With certain exceptions, CDBG funds in these areas have generally meant additional miles of sewer lines and paved roads. Federal discretionary funds are simply employed to accelerate the existing municipal improvements program, which is the primary public undertaking. In these jurisdictions, government is viewed more as the handmaiden of private sector progress – its role is less to stimulate or control than to serve. Such a separate if complementary role for the public sector has a long history in the United States. Indeed, on a smaller scale, the public works agendas of these communities resemble the national agenda of the 19th century, when the government sponsored the building of canals and railroads to encourage private development. While it might be argued that local government here is implicitly leveraging private development, it is not leveraging in the sense of formal public policy designed to lure the private sector into reassuming prior responsibilities.

The failure of some cities to enter into effective relationships with the private sector may be attributable to other factors: a long-standing antipathy between City Hall and the business community; a public assumption of private sector functions that has become too politically valuable to sacrifice; a lack of

competent city personnel to work with the business community; or a reluctance on the part of private sector leaders to deal with bureaucratic red tape. Against such a backdrop of public-private relations, local government may prefer to work instead for additional federal and state funds.

The result is often a "piggy-backing" of funds which passes for a kind of leveraging. A 1978 NAHRO review of CDBG revealed that sample cities were not particularly adept at leveraging, even though they might acknowledge that private sector involvement was essential to the long-term health of their city. "While nearly two-thirds of the respondents reported obtaining some other public or private funds for use in their CD programs, the majority of these funds came from public sources and were used for public works, facilities, and site improvements."[2] In fact, other federal sources accounted for thirty-seven percent of other funds being used to supplement CD. Local and state revenues at fourteen percent were also a major component of the non-CD portion of project funding. Private funds constituted only fourteen percent of total non-CD contributions.

In those jurisdictions "leveraging" may have found a place in the local planning lexicon and some staff or even individual agencies may advocate it as an operating principle of resource allocation. Such cities might engage in a direct inducement form of leveraging, stimulating homeowner rehabilitation but not involving local lending institutions. It is also common for such cities to speak of using CDBG to "leverage" Title XX funds from the state to run an elderly homemaker care service. They might also claim to be "leveraging" Section 8, Section 312, EDA and SBA funds with CDBG. These jurisdictions' ability to expand the pool of resources to meet increased community demands is directly a function of their grantsmanship skills, and one Northeast mayor is known to have instructed his Washington lobbyist to "win more than our fair share of federal funds."

But to call such activity "leveraging" is not really accurate, for government is usually at both ends of the lever. Genuine leveraging places a small government expenditure at one end and a much larger private investment – by business, realtors, banks, homeowners, etc. – at the other end. It is only as defined in this manner that leveraging accomplishes its real goal: to make the most of scarce public resources.

Some Further Considerations

The practitioner seeking simple prescriptions might want to know which is the right way to leverage. It is important to recognize that there are no ready prescriptions because the morphology of public-private relations varies so greatly from city to city and may even be in a state of flux within any city. There are, however, some dangers to be noted in becoming preoccupied with leveraging for its own sake.

One would expect that if HUD were to impose a leveraging requirement for CDBG and other urban assistance, as is now applied to the UDAG program, some jurisdictions would be forced to re-examine their current go-it-alone resource allocation practices and confront whatever prevents joint action with private interests. Certainly the UDAG program with its leveraging ratio requirement has introduced "co-venturing" and "public-private partnership" into everyday parlance in most large eligible jurisdictions. But a leveraging mandate, however useful in its intent, might simply pose a fresh challenge to experts in the grantsmanship game.

A case in point is the calculation made by a sunbelt urban development agency. The limited government dollars being spent downtown (regardless of how they were specifically utilized) were totalled and numerically related to the enormous private investment occurring in the area – only to assert the phenomenal leveraging ratio the agency was able to produce. It is also important to recognize that if rigidly and mechanistically applied, the leveraging principle might prove counter-productive by preventing attention to the governance approaches that some jurisdictions have devised to spur neighborhood revitalization.

The latter part of the 1970's has witnessed a resur-

2
William Witte, "Community Development's Third Year: A Report on Trends and Findings of NAHRO's CD Monitoring Project," *Journal of Housing*, February 1978, p 67.

gent interest in urban living. There has also been renewed attention of the private sector in general toward cities. These new dynamics have implications for the practice of leveraging. A more receptive and willing private sector may herald new opportunities for local governments in some cities. It may also suggest the need for public leveraging policy to be flexible. Program components that are too rigid or undifferentiated by neighborhood can get out of phase with demographic or market forces and wind up, so to speak, on the wrong end of the lever. For example, the public sector foregoes twelve years of tax revenue to induce private redevelopment of former loft space into residential use in New York's widely discussed J-51 program. With the totally changed housing market in some sections of New York, this now turns out to be an unnecessary reward to the private sector, which would doubtless continue there on its own and still pay taxes. In the 1980's leveraging will involve determining just whose behavior should be influenced, in which neighborhoods, and just how much public subsidy is needed to accomplish a particular end. Moreover, as parts of many cities are being rediscovered and even speculated upon, public policy may have to dampen private initiatives in some areas while it leverages private investment elsewhere in the same city. ■

Different Practices, Different Places:

The Context In Which Allocation Decisions Are Made

With primary neighborhood resource allocation responsibility now at the municipal level, local governments have arrived at markedly different allocation practices in response to a common set of issues. The various approaches that have emerged to deal with the different aspects and stages of the allocation process are in and of themselves instructive, providing local practitioners with possible alternatives to the ways in which they have been tackling their own particular set of problems. Yet what is most striking from this review of the allocation process is not the different practices but why the practices are different. Why have some jurisdictions felt compelled to devise elaborate and sophisticated neighborhood analysis systems while others have been content to rely upon much more informal methods? Why are citizens so readily embraced by one local government and so cautiously kept "at arm's length" by another? What does it mean that in one jurisdiction the federal targeting concept is endorsed without hesitation while in another it is barely tolerated and in a third regarded as anathema? Why is it that some local officials subscribe like true believers to the leveraging idea, while others seem a long way from being converted?

The obvious answer to all of these questions is that cities are different. This is, of course, no great

revelation, but the Community Development Block Grant, with all its ramifications, has helped crystallize those differences. Indeed, the "New Federalism" may have succeeded, for better or worse, in restoring some of the sectional and local distinctions that have been eroded by the pressures for centralization since the days of the original Federalism. American cities are, in fact, far more singular than our current national wisdom allows; the evidence of this study all points to our being a more individualistic nation than the standard communication modes would lead us to believe.

The preceding chapters on various aspects of the resource allocation process suggest a number of generalizations that help account for the many differences among local practices: the current level of citizen-government co-operation, for example, will influence the type of citizen participation structure that a city evolves; the relative emphasis placed on the values of efficiency and equity will affect a city's selection of beneficiaries; the public sector's relations with the private sector will affect the local prospects for leveraging additional resources; and so forth. In the course of this study, it became clear that these generalizations reflected certain patterns of resource allocation, and that these patterns, in turn, were produced by the interplay of a number of key factors. It is the purpose of this chapter to examine more closely these factors and the patterns they produce, although, of course, no precise cause-effect relationship can be specifically demonstrated. Indeed such a relationship would be extremely hard to pin down in the complex and many stranded history of any city. It is simply hoped that an awareness of a number of patterns observed in this study will provide local practitioners with a perspective on their own setting and also help them judge which programs operating in other cities might be undertaken successfully in their own.

Key Context Factors

Basic to the pattern of any city's resource allocation practices is the relation between the city's needs and the resources it has available to meet such needs. The factors determining both needs and resources are many and they vary to some extent from one jurisdiction to another, but most urban contexts appear to be shaped by the following key factors:

Public Facilities/Infrastructure: The deterioration of public facilities (municipal buildings, police and fire stations, schools, libraries, etc.) and public infrastructure (paved streets, water and sewer systems, and so on) has reached a critical stage in many urban American jurisdictions. Thus, the older cities are bringing pressure to bear on decision-makers to orient resources toward the upgrading or replacement of these amenities. Similar pressures from different causes have been felt by planners in newer, growing jurisdictions, where rapid expansion has created the need for first-time installation of such facilities.

Housing Stock: Housing condition obviously has significant implications for the local allocation process. Indeed, the upgrading of housing stock is often the principal goal of local CDBG efforts. The age, level of deterioration, extent of over-crowding, degree of owner-occupancy, rate of vacancy, relative position in the local housing market, and ratio of single- to multi-family dwellings will affect the type, extent, and likely success of a locality's intervention in the housing arena. Simple distinctions between "growing" and "declining" cities by no means correlate with success or failure in housing efforts. Rehabilitation may be easier in a city like Baltimore, with its old but solid and architecturally sound housing than in a place like San José, where comparatively recent structures thrown up to accommodate a sudden influx of newcomers are already showing signs of deterioration.

Economic Health: The vitality of the local economy and the strength of the tax base go a long way toward determining both the type of needs a jurisdiction is expected to meet and the amount of resources available to local government to carry out its perceived obligations. Where a jurisdiction is enjoying relative economic health, the role of local government is significantly narrower than where unemployment is high. Single economic events may place burdens on local government, as in the case of the massive Boeing layoffs a few years ago in Seattle. In these situations, as in those where economic ills are more long-term, the need for economic development and social services may draw discretionary resources away from physical improvement investments.

Political Climate: The traditional political orientation, recent political history and overall political style of a city are especially important in determining the nature of the local allocation process. The identification of a chief elected official such as Jackson in Atlanta or Schaefer in Baltimore with neighborhood concerns has a direct bearing, as does the existence of a strong political ward system like Chicago's. Perhaps even more important is the citizen-City Hall relationship developed by a jurisdiction's prior involvement in federal programs, as this relationship often dictates the amount of "openness" in the decision-making process and the extent to which policies are frankly articulated.

Demographic Trends: A rapidly growing metropolis differs from a mature or declining one in many ways. One of the most critical differences is the relative size of its various age and class cohorts. Since people are not equally likely to move at all ages, the net result in growing metropolitan areas, regions with a strong employment base and a wealth of amenities, is a disproportionately large share of twenty- to thirty-nine year olds. "Empty-nesters" and retirees are also becoming increasingly mobile. The more affluent and adventurous tend to move farther to more benign climates, bringing their assets and civic influences with them. This migration of the more enterprising, both young and old, creates problems for the areas they leave. First, the residual population is likely to be more dependent on a local government that is simultaneously having to cope with a declining tax base. Second, there will be a significant deficit in the amount of mature skills, time and effort normally devoted to civic affairs.

Race Relations: Whether minorities are increasing or decreasing in numbers, and whether they are active or quiescent in a city's political life has implications for the allocation process. Numbers are important but do not alone indicate the role minorities might play in the process. They may be too recently arrived to have mastered or altered the local forms of power; or they may be from rural areas where government services have been scant and expectations remain low. Or, on the other hand, even a fairly small minority population may have become politicized enough to make its voice heard but not really powerful enough to get what it wants. The result is frustration, anger, and tense relations between races.

Public-Private Relations: Local government can deal in widely differing ways with the private sector depending on it, ignoring it, or battling with it. Cities in the growing Southwest may see their primary role as supplying public facilities and infrastructure to new developments, thus aiding and supporting the private sector. An older city may be at odds with its private sector, as the economic interests of neighborhoods and downtowns have diverged. Or it may rely heavily, as Pittsburgh has, on its private sector for initiative and direction.

Neighborhood Identity and Activism: Whether a jurisdiction's neighborhoods are clearly defined by physical boundaries, history, ethnicity, etc., or so amorphous that they had to be identified by planners before CD programs could be inaugurated is a critical determinant of the type of allocation process a jurisdiction will develop. In some cities a lively and occasionally bitter competition between well-established neighborhoods for government funds puts pressure on local governments to give something to everybody; in other places neighborhoods have so little identity that planners, like those in Dade County, can designate NSA's that actually run across city lines – an almost unthinkable practice in most Northeastern jurisdictions.

Doubtless many other factors can be adduced, and this list is by no means intended as exhaustive. It does appear however that these factors help determine the present needs of a city, as well as the resources it has available for meeting those needs. But more important, these factors influence the expectations that citizens have of their local government and the lengths to which they are likely to go in demanding that government meet these expectations. This relationship, between what needs a city is expected by its citizens to meet, and what, given its resources, it is actually able to do, defines the context in which all resource allocation decisions are made. The following comparison of cities where this context differs markedly will make clear how practices are affected.

Boston-Houston

Boston is an old city in which much of the

housing predates World War II and in which the infrastructure is so old that some of the sewer pipes on Beacon Hill are made of wood. Young, growing Houston is annexing newly built sections as quickly as they spring up on the outskirts of town; much of its infrastructure is either fairly new or not yet in place.

Boston's economy was in the doldrums for most of this century, although it has now stabilized and even begun to improve. Houston's economy could be described loosely as booming – based on petrochemicals and their support industries, it is one of the strongest economies in the country.

Boston's political climate is traditionally hot, with the city's past dominated by a clash between its Protestant founders and its Irish immigrants. This clash has carried into the present in the form of political tensions between the state and city and between the business community and local politicians. Houston's political climate is much less volatile. Despite a fairly large minority population, there are few clashes. The city's steady annexation of middle-class areas on its periphery assures and even increases the political disadvantage of blacks and chicanos downtown. The city government's role is mainly a passive, "housekeeping" one – the city is well-known for its lack of zoning regulations – and citizens are expected to meet their private needs independently. With its tradition of free enterprise and personal initiative – so effectively reinforced by affluence – Houston is one of the least "governed" cities in America today.

Boston's population has been declining for the last two decades and the city has lost over 160,000 people in that time. Houston is growing at the rate of 1,700 people a week. Boston's population has a large proportion of elderly and disadvantaged people; Houston's growth has enlarged the young, middle-class elements of its population. Boston's minority population, at about 20%, is smaller than the typical northeastern or midwestern city's, yet relations between whites and blacks have been tense and even explosive in recent years as the city has struggled through court-ordered school desegregation. Houston's more substantial minority population (25% black and 14% chicano) is far from politically powerful. In fact, the demographic trends noted above have proven so disadvantageous to minority representation in government that the Justice Department prohibited further annexation until the city devised a new electoral plan providing for elections by councilmanic district and assuring a high degree of minority candidate success.

Public-private relations in Boston have been very strained, with the private sector reluctant until recently to make major investments in the city – despite overtures from City Hall. Local investors, for instance, consistently rejected City Hall efforts to engage their interest in the now highly successful Quincy Market enterprse until New York City banks saw the potential and took the lead. The last decade, however, has seen a change in this situation, and numerous new skyscrapers downtown attest to a new surge of private sector confidence in the city. In Houston the traditions are quite different, and business interests are thought to be one with City Hall interests. There is no split such as marks the public-private relations of many older, poorer cities, and City Hall concentrates its efforts on serving private interests, primarily by providing infrastructure for new development.

Boston has among the most clearly defined neighborhoods in the country. There is a clear-cut black neighborhood, Roxbury; an Italian neighborhood, the North End; an Irish neighborhood so self-conscious as to have its own theme song, etc. Boston is a strongly ethnic city in which there is a keen and competitive sense of turf; neighborhood organizations abound. Houston has almost the reverse situation. The city is divided mainly into areas inside and ouside of the "Loop." The inner city – larger than all of Boston – is defined as much by wards as anything else. Outside Loop 610 are more "suburban" areas. Overall, Houston, which has several "downtowns" within its 500 square miles, is made up of clusters of skyscrapers surrounded by residential areas.

Boston, then, is an old city, and its basic need is to rebuild; Houston is a growing city, still in the initial building stage. Boston's primary concern is with supporting a large disadvantaged populace; Houston focuses more attention on the need for first-time infrastructure installation not only in its newer areas but in many older ones as well.

Despite renewed interest in private sector investment, Boston's resources have been limited by the long-term weakness of its economy and a tax base that has been greatly eroded over the last several decades. Houston's resources are potentially much greater, but the tradition of low taxes and minimal services in Texas keeps taxes fairly low and actual public resources somewhat limited. (At present, in fact, there is a freeze on property taxes.)

Boston's citizens, with their long experience of federal programs and their high degree of politicization, expect a great deal of their government and hold government officials accountable for many of the individual's day-to-day problems. Houston's citizens have a tradition of independence, expecting less and getting less from their government. A reporter recently described Houston as "a very unforgiving city. If you're poor, you pay for it dearly. It's easy to get a job if you have a skill. If you haven't it's hard to gain one, and if you fall in Houston, there's nobody to pick you up."

When expectations go un-met, Houston's citizens – with their low level of politicization, their lack of roots, their mild or non-existent neighborhood identification and activism – demand little. Bostonians deluge City Hall with complaints, organize coalitions of neighborhood groups, demonstrate on City Hall Plaza, lobby the City Councillors, and bring innumerable other political pressures to bear.

In these very different contexts, Boston has set up a successful and much discussed Housing Improvement Program to serve the entire city. Houston, by contrast, has not put together a particularly sophisticated or comprehensive housing strategy. So entirely against local custom was the whole concept of city involvement in housing rehabilitation that the City of Houston sought a Supreme Court ruling to make sure that loans to individuals were constitutional. Houston has concentrated its real efforts on meeting the primary needs of a growing city. The city has 10,000 miles of roads, many of which are in poor condition or even unpaved. Some areas have no drainage at all, or only open drains, despite the fact that the bulk of the city sits on a flood plain. The city's sewage capacity is inadequate; its potable water supply is measured in decades. These are the problems being addressed in Houston, in accordance with the resources at its disposal and the expectations of its populace.

But Boston and Houston are cities that diverge widely. They occupy opposite ends of the spectrum, and because they are so different, it is probably clear to most community development practitioners that their general approaches, let alone their individual practices, are not interchangeable. Boston could not readily adopt Houston's allocation practices, but how interchangeable are practices in cities generally regarded as more similar? A comparison of two older, more troubled cities and two younger, flourishing ones will highlight the more subtle distinctions between cities that affect resource allocation decisions.

Philadelphia-Baltimore

Philadelphia and Baltimore are both old cities with declining populations, economic difficulties, and aging housing stock. Baltimore, with a population roughly half the size of Philadelphia's, has a proportionately larger minority population but little resembling Philadelphia's very strained race relations. Racial antagonisms have come out into the open in Philadelphia in recent years, and the tension has taken its toll on community development efforts.

Both Baltimore and Philadelphia are old-fashioned Northeastern cities with classic ethnic neighborhood and traditions of community activism. Both cities rely heavily on Project Area Committees (PAC) in their CD programs. Yet, while both Baltimore officials and PAC groups would readily use the term "partnership" to describe their relations, the parties in Philadelphia would have to resort to more negative terms. While Baltimore's PAC groups dominate the inner city, some very powerful, semi-autonomous "umbrella agencies" form an organizational outer ring. The political power of these agencies, which channel city and other services to their constituents, is such that the mayor would be unlikely to act without their support.

Philadelphia's community organizations, though established and numerous, seem to have much more trouble making themselves felt. Their efforts are often concentrated within their own turf, and the resulting parochialism has made coalitions rare and not especially effective. When they have pulled together, coali-

tions have been adversarial in their relation to City Hall and they have often picked losing battles. A recent effort to stop construction of a commuter rail tunnel is a case in point. It is the very kind of issue needed to galvanize neighborhood interests, yet it had very little chance of success from the start.

Baltimore and Philadelphia have a number of critical needs in common: both cities must rebuild their physical plants; both must care for a declining, aging, and increasingly poor population; both must deal with a workforce caught in the shift from manufacturing to services; both must try to bolster a threatened or actually sagging economy. To deal with these needs Baltimore and Philadelphia have similarly limited resources, as determined by the income of their populations, the health of their private sectors, and their federal and state assistance.

On the surface, then Baltimore and Philadelphia appear very similar; they even bear a strong physical resemblance in many areas. But any effort to transfer the programs of one of these cities to another would have to take into consideration the critical matter of citizen expectations. These intangibles, in the case of Baltimore and Philadelphia, make a significant difference.

Citizen expectations in both cities have been shaped to some extent by past experience with federal programs. Philadelphia's Urban Renewal Program was one of the largest and most ambitious in the country. Acquisition and clearance were carried out on a large scale, and the city today, with its restored Society Hill and other downtown improvements, provides ample testimony to these efforts. But the moratorium on federal funding under the Nixon Administration in the early 1970's left a number of projects incomplete. Expectations had been set up that could no longer be fulfilled. At the same time, race relations in the city were showing signs of deterioration. Many of those affected by Urban Renewal displacement were black, and the Model Cities program, designed largely for the black community in North Philadelphia, had been regarded by many as unsuccessful in meeting that area's needs. The mayoral administration of Frank Rizzo (1971-1979) failed to dispel these tensions, as the Mayor's policies were widely criticized on racial grounds.

Baltimore's experience with Urban Renewal was far different. In that city, as in Philadelphia, there was a certain amount of displacement, but much less demolition and clearing were carried out. Baltimore had always respected its ethnic enclaves and has long taken an incremental approach to neighborhood improvements. Planners there today still describe their efforts as "urban renewal," a phrase long and significantly banished from the vocabulary of their colleagues in Philadelphia as well as many other cities.

It should be pointed out too that Baltimore found itself, in the mid-1970's, in a somewhat better position than Philadelphia to implement a program such as CDBG and thus to fulfill the expectations of its citizens. Beginning in the 1950's a number of organizational reforms had consolidated Baltimore's housing and redevelopment efforts, producing by 1968 a highly centralized and well coordinated Housing and Community Development department. The city was well equipped, then, to carry out the mandate of CDBG.

Philadelphia, though a national leader in the redevelopment field during the 1950's, had no similar history of bureaucratic reform. When the Block Grant arrived, Philadelphia's housing and community efforts were spread out over a number of agencies, including the Redevelopment Authority, the Housing Authority, the Housing Development Corporation, the Urban Homestead Board, and several more.

Five years of hard work by Philadelphia's community development staff have not managed to offset these disadvantages. Controversy has surrounded the CD program: builders have become reluctant to enter into contracts with City Hall, demonstrations have been common, public hearings stormy, and people carried screaming from City Council meetings. An effort to put subsidized housing in an ethnic neighborhood escalated into a crisis which resulted in a standoff between the city and the federal government. Officials in Philadelphia have complained that their city has been subjected, as a result of this situation, to more stringent conformity to HUD guidelines than is the case in other jurisdictions. Meanwhile, less than two hours down the highway, Baltimore is restoring its decayed housing stock at a record rate and

winning for itself international acclaim as a model of urban rejuvenation

The critical difference between the experience of these two cities lies less in the area of needs and resources than in the area of expectations. The simple fact is that the City of Baltimore has been meeting its citizens' expectations of government. Because it has been, those expectations have not escalated into unreasonable and unmanageable demands, and Baltimore does not find itself, as many older cities including Philadelphia do, with citizen demands outpacing the city's resources. Baltimore has achieved a very delicate balance, that appears based not only on the particular skills of those who have led the city's CD efforts, but also on Baltimore's bureaucratic history, its race relations, and its successful prior experience with government programs. All of these things must be taken into consideration when another city thinks of adopting Baltimore's programs. The efforts that meet and contain citizen expectations in Baltimore might fail to alleviate the frustration felt by Philadelphia's citizens. The small, visible, quick improvement – so effective in Baltimore – may be too light-weight to make a difference in the more heated atmosphere of Philadelphia.

Lumping cities together, then, on the basis of resources and needs – which is essentially what is done when older, declining cities are distinguished from newer, more prosperous cities – gives only a partial reading. Traditions of citizen expectations and the recent history of meeting such expectations must be taken into account by the practitioner as he assesses the programs of other cities for their transferability to his own. This holds true not only for the older, more troubled cities, but for the newer, more prosperous areas as well.

Denver-Seattle

Here are two burgeoning areas. Seattle has become known as one of the more "livable" cities in the country today. Its clean air, recreational opportunities and surrounding wilderness are attracting new residents in great numbers. Denver, with similar appeal, is growing by a hundred people a day. Both areas have strong economies, with Denver drawing on the energy resources of the Rockies, and Seattle gaining steadily as as economic center both for its region and for the countries of the Pacific basin.

Housing in both cities is in fairly good condition, although at the moment in very short supply. Demand in Seattle is so high that one of the nation's largest inventories of HUD foreclosures has been reabsorbed. Denver's problem is exacerbated by the desire on the part of residents to maintain the city's town-like atmosphere, and by a reluctance to put up buildings that will obscure the city's view of the Rocky Mountains.

In Seattle locations with scenic views are so prized that they have rendered Seattle's suburbanization pattern different from cities like Chicago and Philadelphia, as the affluent have tended to stay in town. The effect has been the creation of a single-family-home mentality so pervasive that 85 percent of all buildable lots in the city are zoned for such housing. Residents have opposed the construction of any new multi-family residences whether for rich or poor, and this resistance has stalled city efforts to construct subsidized housing needed to accommodate the low-income households most hurt by the current housing crisis.

Race relations present little difficulty in either area. The minority groups in Denver, blacks and Chicanos, are closer to economic parity with the dominant population than their counterparts in many other cities. Seattle has relatively few disadvantaged households in its population, which includes more Asian Americans than blacks or Hispanics. The isolation of the region tends to attract skilled workers and to discourage the migrant poor.

The high quality of service in both Denver and Seattle reflects the value placed on efficiency and the influence of the business ethic so marked in cities west of the Mississippi. Denver's mayor, though described in a recent magazine article as "the consummate politician," keeps a low profile and runs an efficient city government. There has not been a political scandal in Denver since the 1920's.

Seattle too has been dominated by the business ethic for most of this century, despite its union activism. Fiscally conservative, the city paid cash for its City Hall (which is unpretentiously referred to as the municipal building) and its bonding habits have

been similarly temperate. In the mid-1960's, however, a new coalition formed in response to issues such as highway construction and historic preservation. Today Seattle's politics are marked by a much more strikingly activist and progressive element, but this has not altered the city's basic emphasis on capable and efficient government.

Both Seattle and Denver have clearly defined neighborhoods, Seattle's delineated more by topography and Denver's by ethnicity, architecture and man-made boundaries. There is considerable activism in both cities at the neighborhood level and each had an experience with Model Cities that set the stage for their current forms of citizen participation. Varying degrees of neighborhood disillusionment with their respective administrations during that era led both cities to improve their participatory process. The outcomes have been quite different, however.

Seattle made a concerted effort to expand participation. Resident opinions are solicited repeatedly through numerous hearings. City staff has striven to involve citizens in establishing policy and recommending and even executing specific projects. Various documents are widely disseminated to inform citizens and engage them in the process. "Process," quips one official, "is our most important product." Unfortunately this is becoming a source of frustration to many residents, who complain that the city is allocating an excessive amount of its Block Grant to studies, surveys, master plans, etc., as well as to administrative costs. City Hall has also been criticized for inadequate attention to some basic needs, such as storm water run-off and alley paving. Denver similarly opened its process to citizen involvement, but in a very different way. The establishment of the Mayor's Advisory Council, described earlier in this report, represents the closest thing to citizen empowerment in any major jurisdiction in the country. The MAC and city staff together see to it that the city's presence is continuously felt in the neighborhoods. Tree planting is typical of the small highly visible projects thus undertaken which, combined with citizen involvement through the MAC, have helped Denver avoid much of the frustration toward City Hall that exists in Seattle.

Resources And Expectations: The Critical Dynamic

Factors such as physical plant, housing stock, economic health, political climate, demographic trends, race relations, public-private relations, and neighborhood identity can be seen to underlie the differing resource allocation practices of the cities of Boston, Houston, Philadelphia, Baltimore, Denver, and Seattle. But it is not these factors in themselves that are decisive in the process, rather it is the way they add up in terms of resources and expectations. In every city's resource allocation process, this is the critical dynamic – the interplay of available resources with the expectations of government held by its citizens.

This report has concentrated its attention on a particular neighborhood development resource, CDBG. The Block Grant has been the primary focus both because of the particular set of issues it has created in its fairly short history and also because it is the only community development resource employed without exception by all thirty-six jurisdictions studied. It would be a mistake to conclude, however, that CDBG is the only resource in general use for this purpose. Other federal funds, local tax revenues, capital bond monies, and private resources can also come into play. The use of these additional resources for community development is, of course, a matter of local discretion.

Many jurisdictions do, in fact, rely entirely on Washington for community development funds. In areas with little conscious community development activity prior to CDBG funding, the Block Grant represented a new option in the deployment of local government resources. In such jurisdictions CD money has often been held apart from other, locally generated funds, a practice that can have a variety of effects. Holding CDBG funds aside as "poor people's money" may stigmatize projects undertaken with it. At the same time, such a stigma may reduce competition for the funds and leave more available to severely disadvantaged areas. In some jurisdictions the view of CDBG as "gravy" permits the expenditure of it on projects that, in the given ethos, would normally lie outside of governmental obligation to citizens.

The Community Development Block Grant, however, is perceived in numerous cities as inadequate to the locally established community development

agenda, and ways are continually being sought to augment the CD entitlement. Capital bond monies are the standard supplement. For many years the city of Baltimore has floated a $30 million annual bond issue, a practice which allowed the continuation of housing rehabilitation even during the moratorium on federal urban assistance in the early 1970's. Boston and other cities combine their CD and Capital Improvement funds into a single Neighborhood Improvement Program. San José has been able to tap state housing funds that enable it to target assistance to neighborhoods outside CD targets. The Urban Development Action Grant is adding considerably to the resources of those jurisdictions eligible to receive it. Indeed the grantsmanship skills being applied to UDAG projects are bringing a number of cities an array of other, typically smaller grants from state and federal governments. And of course, as outlined above in the discussion of leveraging, cities are beginning to recognize the resource otential not only of partnership with the private sector but of their own legal, regulatory, administrative and taxing powers, to expand the resources available to them for community development.

Resources, then, vary not only in absolute terms but in relative terms with some cities acquiring and generating proportionately far more community development funds than others. The only real test of the sufficiency of any particular jurisdiction's resources is their adequacy in meeting the expectations that citizens have of their local government.

Expectations are the sense that every city has of the proper role and function of government. This includes not only the expectations of government held by citizens but those held by businesses, private institutions, and government itself. A review of major American cities makes it very clear not only that differences in such expectations are quite dramatic, but that there is very little awareness in any one city that other cities differ in this way at all. Boston officials were surprised to learn, for example, that in Detroit only the arterial streets are plowed after a snowstorm. If every street in the city of Boston is not plowed within twenty-four hours after a storm City Hall is swamped with complaints.

To a large extent, expectations are determined by need, and on the surface a city's needs may seem fairly clearcut. Needs are the gap between a generally accepted standard and the present condition of individuals, households, neighborhoods or entire cities. Theoretically at least, objective standards can be established, and needs can be quantified and translated into the dollar amounts required to bring physical, economic or social conditions up to the standard.

The levels of need among jurisdictions, if they could be measured by some commonly accepted standard would vary enormously. Even the most casual observation reveals that physical deterioration is far more extensive in some cities than in others. However, there is no universal standard, and definitions of need as locally derived are apt to be quite different. Federal standards of what constitutes a decent home and a suitable environment are often remote from local standards and consequently are subject to varying interpretations.

The place of a city in its own development history in large measure determines the local standard of need. A growing city in the South or West which has recently annexed large undeveloped areas is concerned with providing paved roads, sewers and water for these areas. Older declining cities of the Northeast and Midwest, on the other hand, are concerned with an array of problems including deterioration of the housing stock, decaying infrastructure and numerous social problems. The city that is building faces development tasks and needs very different from those which confront the city that is re-building.

Of course what are needs in one place are simply "conditions" in another. Housing which would be described as overcrowed in one city, and therefore a problem, would be accepted elsewhere as no more than a fact of life. Rotting sewer lines may seem a less urgent need in one city than cracked sidewalks in another. A growing city in the South or West may consider underemployment of its black and Chicano population unavoidable but believe at the same time that the unpaved roads in its newly annexed tracts of land require more immediate attention. Older, declining cities in the Northeast or Midwest, which have already paid a price in social unrest for the condition of their disadvantaged citizens, may view the solution of social problems as an essential need to the life of the larger community.

Expectations, then, are a measure of the locally perceived needs upon which citizens feel government should be acting. Citizens in some cities expect comparatively little of their governments: a public school system, public libraries, police and fire protection, sewer and water services, and paved streets. This view is generally associated with the growing and prosperous cities of the South and West. As cities decline, their expectations seem to rise, however, to the opposite extreme: cities should provide affordable housing, child care, health services, university education, jobs, and so on. New York City, at this end of the scale, has become employer, provider, and landlord of last resort.

Daniel Yankelovitch, the pollster, characterized the philosophies that underlie these extremes as "earn/deserve" at one end, and "needs/rights" at the other. The notion that a person deserves what he earns, a notion prevalent in cities such as Houston, reflects the traditional American belief that material well-being is and ought to be the reward of hard work, effort, and ability. Government, then, should provide for an individual only what hard work, effort, and ability will not yield him on his own – police and fire protection, a school system, and so forth.

That a person has a right to what he needs is perhaps a somewhat divergent view from the dominant tradition, though it is implicit in some of the values we hold. This view claims that the division of society's goods is inherently unequal and unfair, and that it is the role of government to redress the broad range of grievances created by social injustices.

The two views are obviously extremes but they do capture a classic tension in American society. The prevailing outlook in any city is likely to lie somewhere between them. In some cities, resident expectations are fairly homogeneous; in others, population groups are deeply divided over what government ought to provide and how much it should cost.

An interesting aside to this discussion is a difference in attitudes towards efficiency and accountability. The "earn/deserve" city, which expects little of its government, tends often to demand a high level of efficiency. The "needs/rights" cities, which require so much in other ways, appear to expect little in the way of efficiency. It is hard to estimate to what extent these differences grow out of the local political environment and to what extent they are produced by the growing complexity of bureaucratic government.

As noted above, it is not only the citizen expectations of government which must be taken into account but those of business and private institutions as well. These expectations tend to vary every bit as much as those of citizens. In the case of private institutions, the local view of government's appropriate role is reflected in the amount of civic responsibility the private sector is willing to take upon itself. In some cities private institutions contribute family services, hospitals, day care, college education, and child welfare. Social service organizations, the United Way, churches, local foundations, "Y's," and civic associations bear a part of the burden that elsewhere is carried entirely by government. Though at present the trend is toward greater reliance on government, these differences still prevail, and in cities where these private efforts flourish, much less such activity is expected of government, either by the institutions themselves – which typically depend on private support – or by the citizens they serve.

Local business expectations of government are similarly varied. The business community in some cities expects government to support, reassure, and if necessary, orchestrate downtown investment. In other cities business expects so much less of government that it has absorbed many of what are elsewhere thought of as government functions. Both Philadelphia and Pittsburgh provide examples of business taking the lead on significant issues. Where private sector expectations of government have not been met, there is acrimony similar to that which exists between citizens and government. The business community in more than one Northeastern city is so seriously at odds with the local government that the two sectors can hardly co-ordinate development strategies at all. In some Southern cities, by contrast, there is apparently much greater agreement between business and government. In Memphis there is a steady exchange of employees from one sector to another that would certainly surprise a New York City school-teacher or Boston policeman.

Though the expectations that citizens, private institutions and business have of their government are

deeply rooted in the local community ethos, this is not to say that such expectations are immutable. The comparison of Baltimore and Philadelphia suggests that a city's experience with public intervention programs can have a decisive impact on expectations. Generally speaking, in the cities which participated in Urban Renewal and Model Cities, the expectations of citizens were raised. At the same time, as the Philadelphia-Baltimore comparison again demonstrates, there is a further breakdown of effects between cities which had fairly positive experiences with these programs and cities which had rather negative experiences.

Expectations can be altered in other ways as well. Local officials can, at least to some extent, raise or lower expectations. Some mayors promise as a matter of course to obtain ever increasing amounts of federal funding to meet community development needs. Other mayors have been more inclined to moderate expectations. Some, like Baltimore's mayor, insist that neighborhoods receiving CDBG money reciprocate by investing their own time and effort. One mayoral aide in that city described the process as "we'll send the trucks and you pick up the garbage." By such approaches Baltimore and other cities have tried to create a sense of partnership between local government and citizens rather than a consumer-supplier relationship.

In most cases expectations are being met; they have, after all, through the electoral process shaped government to some extent. *But where they are not met, expectations often escalate into what are more accurately called demands.* This occurs not only when government for some reason fails to meet existing expectations, but also when some experience raises the level of expectations beyond the capacity of local resources to meet them. Demands can but frequently do not reflect more objectively defined needs, even allowing for local variations in their definitions. A fairly healthy middle-class neighborhood may plague City Hall relentlessly on account of sign code violations, while an impoverished area of the city with a host of unmet needs and denied rights may remain quiet no matter how bad things become.

In cities where expectations have not risen to demand level, officials find themselves with greater latitude to carry out what they view as the most appropriate solutions to the city's problems. There is greater readiness to regard the planner as an expert and there is minimal opposition to the programs he designs. In other jurisdictions, where demands predominate, the stress frequently falls on the program that is politically feasible rather than that which is theoretically superior.

Unfulfilled expectations, it should be pointed out, do not automatically become demands. The level of trust between citizens and government has a lot to do with this: the greater the trust, the less strident the demands. If citizens are convinced that the distribution process is equitable, they may be willing to "wait in line" for their share as in Memphis and Jacksonville. Places like Dade County seem able to target certain neighborhoods successfully because, among other reasons, the planning process is very open. The County document on residential revitalization contains a detailed yet easy to understand explanation of neighborhood deterioration trends. Stressing the importance of intervening at the proper time, the document is indicative of the kind of staff Dade County has: professional, sincere, and anxious to provide the best information to residents.

An open process, then, can often prevent unmet expectations from eroding trust and turning into demands. Such a process has also been seen to deal effectively with dissatisfaction even after it has reached the demand level. It was in "a stroke of genius," as one local official said, that Denver created the Mayor's Advisory Council, a move that has served to eliminate many of the tensions that existed between that city's government and its neighborhoods.

It is thus the particular balance a city is able to strike between resources and expectations, that accounts for the type of neighborhood resource allocation process that the city will evolve. Some jurisdictions have clearly been able to establish and maintain some sort of equilibrium with respect to these elements. Others have been unable to respond to or ward off the pressures caused by un-met expectations and, as a result, theirs has been a much more checkered allocation experience.

Balancing resources against expectations is admittedly no easy task. Where a balance does exist, it

has often been struck unwittingly. Where it does not, local government has routinely focused its attention on the resource side. Indeed, some jurisdictions have been remarkably imaginative in expanding their resource capacity. But neither resources nor expectations are fixed quantities, and both are subject to local government influence. True, the expectations side of the equation may pose a greater challenge, if only because of the countless factors that can and do contribute to it. But where resources are in short supply, the modification of citizen expectations may be local government's only real recourse. This is a hard truth, but one which may confront many more jurisdictions in the future. Even cities now able to match resources and expectations without great effort may find this equilibrium difficult to maintain in the next several years. Expectations are generally on the rise – thanks, in part, ironically, to programs such as CDBG – and the resources available, according to many indicators are likely to be significantly fewer over the next decade.

Facing The 1980's: The Heightened Interplay Between Resources And Expectations

Projections for the 1980's have almost consistently pointed to an era of diminishing resources for local government. The national economy shows little real sign of improving, and public officials and economists seem to be a long way from discovering solutions to persistently high inflation or to the chronic unemployment that has plagued certain sectors of the population. Budget-makers at the local level are being forced by inflation and high energy prices to cut back on services in order to keep up with costs. And there appears to be little federal relief in sight. The most recent federal budget (FY'81) does not bode well for the urban lobby, and there are few indications of any imminent new initiatives or major increases in current federal urban aid programs.

Yet if the resources upon which local government has been relying for its community development purposes are to be in much shorter supply in the future, citizen expectations of government are unlikely to decline commensurately. In fact, a host of additional or accentuated problems is likely to translate into yet greater expectations of government in the 1980's. The delicate balance of resources and expectations that makes for the success of neighborhood resource allocation is likely to be threatened by a number of trends forecast for the urban future.

Changing Demographics: A larger number of smaller households resulting from new family structures, changing roles for women, increases in the elderly population, the growth of the young professional age cohort, and other changes ¢ as well as the simple fact that in the 1980's a larger number of Americans will be of house-buying age than at any previous time in history – will add up to greater pressures on local housing markets and on local government's capacity to provide services.

The Urban Housing Predicament: Years of excess supply and weak demand in the urban housing market have already given way in many areas to just the reverse situation. Where cities once coped with abandonment, they're facing problems with displacement. Escalating prices, lack of available financing, diminishing supplies of rental units, and gentrification will make housing the low- and moderate-income urban resident even more difficult in the years ahead.

Social Conflict in the Competition for Resources: The growing political clout of the elderly, increasing complaints about services for illegal aliens, and the indignation of the "forgotten" middle class already point to social conflict over limited resources. And with no apparent solution to mounting youth and minority unemployment in sight, such conflict seems likely to escalate.

Pressures to Attend to Basics: Inflation and high taxes will increase the demands of a burgeoning and assertive urban middle class to cut taxes, concentrate on basic municipal functions such as police and fire protection, and reduce "non-essential" services (often programs for those most in need). The reality of the aging public infrastructure may increase such pressures in many older cities.

The Continuing Energy Crisis: Until very recently the domain of federal and state government, energy considerations will increasingly become part of the local agenda. As fuel costs inevitably rise, so will the calls for local government to help defray transpor-

tation and heating costs for certain sectors of the population. In addition, the cost of fuel has made and will continue to make commuting less desirable to potential homebuyers. This will only serve to increase the pressures on urban housing markets and further the calls for local government intervention.

The combined effect of a decrease in resources and an increase or expansion into new areas of citizen expectation will be to create for local government a challenge undoubtedly more complex than any it has faced in the past. Local jurisdictions will have to reconcile for themselves and for their citizens the conflicting values of equity and efficiency. When there are too few resources to go around the tendency may be toward the efficient investment of those funds that are available, an inclination likely to be reinforced by vocal and articulate middle-class residents demanding greater accountability in government spending. Such a policy, however, will clearly not sit well with constituencies once served by local government, either because of local custom or because they were the ones most in need of public assistance.

A complex task is not, however, necessarily an impossible task. In fact cities' allocation experiences in the 1970's have already begun to offer glimpses of the ways in which jurisdictions might avert or reconcile the growing imbalance between resources and expectations that lies ahead.

Improving and maintaining trust between residents and City Hall may be the single most important step that local government can take. If allocation decisions about where and when to fund are to be increasingly difficult, opening up the decision-making process may well relieve local government of some of those burdens and lead to resolutions more satisfactory to government and residents alike. Experiments with NHS and community-based organizations have already made their mark, demonstrating in countless cases the merits of building neighborhood self-sufficiency. Encouraging self-help efforts, however modest, and establishing arrangements that require a *quid pro quo* on the part of residents may usefully serve to reduce the strain between resources and expectations.

Forging better relations with the private sector also promises rewards. Entering partnerships with, rather than supplanting, lenders and insurers will encourage their resumption in the inner-city of traditional private sector functions. For philanthropic reasons the private sector may be encouraged to engage in activities normally outside its purview; indeed there are already instances of corporate ventures in rehabilitating entire neighborhood blocks and in constructing public recreational facilities.

Recognizing and understanding neighborhood market dynamics may also help local government narrow the gap between resources and expectations. Private market forces can, if dealt with sensitively, serve to stabilize those neighborhoods only slightly on the wane or even turn around some neighborhoods that have not responded to earlier, purely public interventions. Local government's efforts in this regard may require better data bases than exist in many cities and the use of imaginzative zoning and other growth control mechanisms that have traditionally been the preserve of suburban communities. Such efforts will doubtless involve expenditures to enable incumbent residents to remain in place, but they would in general enable local government to target funds more effectively to other areas of the city, especially to those areas in greatest need.

Finally, there are a number of new "resource" opportunities. Local government can sharpen its governamce skills and realize the potential of its regulatory tax, administrative and legislative powers to help achieve neighborhood development objectives. Furthermore, cities could derive revenue from the renewed private sector interest in the city. For example, two-income households are frequently responsible for escalating urban housing prices. For them, tax deductions make housing as much an investment commodity as a home. Local government could simultaneously earn revenue and even dampen excessive demand by devising ways to capture the gains such households are making. A municipal levy on investors involved in condominium conversion would offer similar benefits. Developers of large-scale downtown projects offer a different opportunity to local governments. Where there is strong competition to build or where the city is contributing to a project in the form of tax breaks, UDAG's and so on, local government

can achieve a separate economic development purpose by requiring that a minimum of construction jobs be assigned to city residents.

The lessons of the 1970's have shown the relationship between resources and expectations to be the central dynamic in the neighborhood resource allocation process. Predictions for the 1980's all point to a widening gap between the two that will make the local allocation process all the more difficult. Local jurisdictions can, however, begin to narrow the gap by recognizing and harnessing new opportunities as they arise. More importantly, they must retreat from the "go-it-alone" policies that have characterized many of their efforts up to now. It may involve a fundamental reassessment of the role of government, but reaching out and forging harmonious relations with citizens and the private sector is likely to prove the most productive course in the long run. ■

10

Dividing Your Own Pie:

A Self-Assessment Exercise for Local Policy-Makers

In the course of this study, a local official reviewing the work to date commented upon the futility of attempting to prescribe solutions to the resource allocation problems of different jurisdictions. "What we need," he said, "is a kit rather than a model." The project has proceeded on the basis of this insight and has tried to develop not a manual or a guidebook, but a "kit" that would contain the ideas, insights, and analyses needed by local officials in order to understand more fully what is happening in their own CDBG programs. While a knowledge of the community development experiences in other jurisdictions is important to this understanding, the review of such practices undertaken in this study demonstrated that an awareness of the context in which local decisions are made is absolutely critical. The lessons of this discovery, however, can be useful to practitioners only if they begin to reconsider their own situation and how it affects the way in which their local pie gets divided. The following series of questions is designed to encourage local officials to reflect upon their own practices and the context which has shaped them.

Analyzing Neighborhoods

What is the history of neighborhood analysis in your jurisdiction? When did it first move beyond Census data? What triggered the development of your neighborhood analysis "system" (demands from elected officials, availability of a federal grant, a planner's desire to track neighborhood change)? If your system was developed in response to needs and conditions of a different era, has it evolved in a way that still makes it suitable for current needs and conditions?

Certain factors in your city's context affect neighborhood analysis. What is the degree of neighborhood identity and consciousness in your city? To what extent is politics organized according to neighborhood boundaries? How does your neighborhood analysis take these factors into account? What sensitivities need to be considered in neighborhood identification and classification?

There are numerous elements that make up a neighborhood and countless things one could measure. What do you see as the basic data elements for your purposes? Are they just the formal, objective and quantifiable? How do the informal, subjective and qualitative factors get integrated?

There are numerous sources of information on neighborhoods. Which ones do you tap other than the Census? Data compiled by city agencies? Commercial data sources (like Polk)? Neighborhood residents, key informants and community institutions? Local universities? Which options have you excluded and why?

How reliable is your system? Is it forever undergoing "enhancements" that hinder data comparisons over time? What would happen if the city council dramatically cut the information services budget of the city planning department? Would the system become quickly obsolete or would it be flexible enough to adapt and still be useful?

People, institutions and the media implicitly classify neighborhoods, whether city government does or not. How does your city's classification system relate to these informal designations? Are you reinforcing or countering negative images? Can you use a system with positive terminology?

Healthy neighborhoods exist when key actors (city, private sector, citizens) are successfully carrying out their proper roles (city provides services, banks lend money, residents maintain property). Does your analysis help the city to understand when certain actors are not performing their expected roles? When the neighborhood's usual "coping mechanisms" have broken down?

Government interventions respond to citizens' expectations of what government should do for them as much as they respond to objective measures of need. To what extent does your analysis provide information about citizen attitudes? Their level of confidence in and satisfaction with the neighborhood? Their expectations of government?

Governmental interventions take place in dynamic environments. Does your analysis inform you about the nature of changes occurring in the neighborhood? Do you know the direction of private market activity in each neighborhood?

Government interventions in neighborhoods sometimes don't work, occasionally even causing more harm than good. Does your neighborhood analysis monitor the impact of public interventions in neighborhoods? What signaling devices do you have to indicate that something isn't working?

Given that resource allocation decisions are political decisions, in what ways does your means of neighborhood analysis improve the decision-making process? Does it help focus the problems? Clarify and inform the debate? Set priorities? Provide information which leads to decisions? Rationalize decisions after they're already made? Tell you about the impacts of these decisions?

What would happen if you abandoned your present way of analyzing neighborhoods? What decisions would end up being made differently in city government?

In the future, the public may well demand more justification (and hence better data) for major public expenditure decisions. How well prepared is your government to meet this demand in the area of neighborhood resource allocation?

Involving Citizens

What is the history of citizen involvement in your city? Did you go through an adversarial period (Model Cities, OEO?) How have city government's past experiences shaped the current citizen participation process and structures? Have public officials' and residents' attitudes toward involvement changed in recent years? How do current CP processes and structures relate to any such change in attitude?

The element of trust between public officials and citizens is vitally important. What is the perception of government (the "establishment," "experts," "dirty crooks," "part of the solution") among residents of given neighborhoods? To the extent there is mistrust, how do your CP processes and structures attempt to rebuild a positive city/community relationship?

The degree of mismatch between available resources and expectations is often a cause of tension between public officials and neighborhood residents. To what extent is CP designed to help build a community consensus for the allocation of scarce resources? To what extent do public officials "retrench" when resources are admittedly short? To what extent does CP foster unrealistic citizen expectations and result in destructive competition?

There are numerous roles that citizens and their organizations can play in neighborhood resource allocation. Which ones do they play in your city? Helping you to meet HUD regulations? Problem definition? Neighborhood strategy development? Identification of citywide issues? Program implementation? Evaluation? What is the city's rationale for excluding citizens from any of these roles?

Government reacts to citizens' expectations of what government should do for them, as much as to actual needs. Does city government feel that citizen expectations are reasonable or unrealistic? Do neighborhoods understand that in some cases they may need to wait their turn for funding? If citizen expectations of government are unreasonable and simply cannot be met, how does your government address this situation – through educating citizens? Excluding them? Confronting them in adversarial proceedings?

The public, private and community sectors each have roles to play in addressing complex neighborhood problems. Is city government seen as *one* component of the solution? Or do you have a situation where citizens have problems and government has solutions (i.e., money)? When the CP process has been completed in your city, has a consensus been reached on the roles each sector should play? Or have you simply allocated a sum of money?

Urban neighborhoods have natural support systems, coping mechanisms and leadership structures. Does your city's CP process build on and draw upon these? Or is CP seen as a bureaucratic model imposed on the neighborhood from the outside?

Political leaders and private sector leaders make important decisions affecting neighborhoods. How does the CP structure relate to the political structure? What are the roles in CP played by the private sector? Banks? Small businessmen? Insurance companies? If they are not involved, what vehicles are used to promote public/private/community partnerships?

Neighborhood organizations and community-based corporations can, if of sufficient capacity, play constructive roles in neighborhood resource allocation. How have such groups changed (if at all) from their 1960's counterparts in your city? What roles does city government see them playing in your jurisdiction today? In what areas might they be *more* effective than government? In what ways does the city help expand the capacity of such groups to address problems?

Since most observers expect public resources to be more scarce in the 1980's, how well suited are your current CP structures and processes to handle this situation? What vehicles do you have for building consensus for the allocation of scarce resources? For promoting public/private/community partnerships? For tempering unrealistic citizen expectations? For minimizing potentially destructive competition?

Targeting

Prior to HUD regulations encouraging targeting, what

was the pattern of resource allocation in your jurisdiction – targeting, spreading or some combination of the two? What is the pattern now? To what extent is it determined by the degree of neighborhood identity and organization in your city? Is it affected by the organization of your city council (i.e., district or at-large)? How does your city's particular context affect its current ability to target?

What criteria are used for selecting target neighborhoods? To what extent is the prior existence of a viable community organization seen as an important criterion? How about the willingness of the private sector to join in a collaborative effort? Do you consider the physical aspect of the neighborhood, its people, or both? To what extend does the city's method of analyzing neighborhoods assist in selecting target neighborhoods?

Many observers claim that increased citizen involvement in decision-making leads to spreading of resources. Do citizens understand the realities of limited resource availability? Is your CP process structured to help the city select target neighborhoods? What role does (or could) a citywide advisory board play in their selection?

Cities can target more than CDBG funds. How does the targeting of CDBG funds in your city relate to the pattern of capital improvement and operating budget expenditures? Is CDBG seen as "poor people's" money while other budgets are viewed as serving the middle- and upper-class neighborhoods?

Cities can target other "resources" besides money. To what extent does your city coordinate targeting of fiscal resources with special tax incentives? With zoning reforms? Sensitive code enforcement? "Red-tape" cutting? Other tax/regulatory/administrative reforms?

City governments are not the only entities that target – so do banks, realtors, insurance companies and other private actors. How do the city's targets relate to perceived "redlined" areas? To areas designated for affirmative lending or insurance by the private sector? Is there any relation between the city's efforts to target and its leveraging efforts?

Some neighborhoods may not want to be "one of those poverty areas." Can targeting ever be bad for a neighborhood? Harm a neighborhood's confidence in itself? Make it less self-sufficient and more government-dependent? Should government ever target a neighborhood where there is not a consensus among residents?

The concept of targeting is based on the hypothesis that a concentration of public resources in a limited area is more likely to have a positive effect than the dispersal of resources among many areas. Does your city's experience support this hypothesis or not? Have there been any unanticipated negative effects from targeting?

If targeting is "successful," a neighborhood should not be targeted indefinitely. Does the city have a process for deciding when to terminate a target designation? Or are citizens led to believe that public subsidies will continue indefinitely? What criteria or measures do you use in deciding when to move on to other target areas?

If resources become scarcer in the future, more "not so needy" neighborhoods may seek to become targets for public investment. How is your decision-making and selection process set up to handle such an eventuality?

Beneficiaries

What was your city's experience in providing human development programs in the 1960's? Which population groups were the primary clients of OEO, Model Cities and similar programs? How have the client groups changed over time? How have the services changed over time?

What is the socio-political climate in your city? Are there tensions between racial, ethnic and income groups? Are there major demographic changes occurring such as an influx of "boat people," "young gentry" or illegal aliens? Do public issues tend to be discussed in terms of interest groups (e.g., the elderly) or geography (e.g., the neighborhood)? What are the implications of these aspects of your city context for public policies on targeting specific population groups?

In your city, what are the expectations that different

population groups have of government? To what extent do these groups feel that government should assist them because they have a need and therefore a right to get help from government? To what extent do they feel that they've worked hard and therefore deserve benefits from government? Does your city see itself as helping those in need of assistance or helping those who have helped themselves?

Is your city consciously involved in a people vs. place dilemma? If so, to what extent is it a result of differing value systems held by different actors in the city? What mechanisms does your city have to help reconcile these differences and achieve some sort of balance and compatibility?

City government is only one entity that targets programs to specific population groups. How do the city's targeting patterns relate to the United Way's patterns? To the private sector's? To those of county, regional, and state governments?

How are human development programs coordinated with physical development activities? For example, how do CETA activities relate to housing rehabilitation and economic development? How are the city's policies for targeting people and targeting places (i.e., neighborhoods) related? How does the city see itself meeting the low- and moderate-income objectives of the CDBG statutes?

Have you tried to evaluate the effectiveness of the city's efforts to target specific population groups? To provide social services? Is it assumed that targeting particular groups and provision of specific programs would continue indefinitely? Besides a lack of available funding, what would be a reason for terminating a social service program in your jurisdiction?

There are trends in human development away from traditional public service delivery models and towards independent living and the strengthening of natural support systems. Are your city's efforts at targeting people consistent with these trends? Or do they tend to promote continued government dependence?

Who will be the likely target groups demanding more services in the 1980's? Threatened renters? Illegal aliens? Political refugees? Single-parent households? Does the city monitor demographic trends to learn about the emergence of new population groups? What steps is the city currently taking to adjust to potential changes in service demands?

If the economy remains shaky and if inflation and high unemployment persist, middle-income citizens are likely to expect more attention from city hall and social conflicts over the allocation of fewer public resources are likely to intensify. How well suited are your city's CP and decision-making processes to handle such pressures?

"Neighborhood Preservation"

To what extent did your city government develop formal neighborhood strategies prior to CDBG? Were there strategies for neighborhoods not included in the Urban Renewal or Model Cities boundaries? How do your current neighborhood strategies compare to those you developed in the 1960's?

Is there a clear congruence between what the city government thinks it is doing, publicly says it is doing and actually is doing in each neighborhood? Are local government's public statements, program designs and implementation efforts clear and consistent? Would the city, private sector and community residents all agree on what the city strategy is for a particular neighborhood? If not, what are the implications of this for the neighborhood?

In communities with a seriously declining population base, there may exist neighborhoods or whole sections of a city where the private market has simply collapsed. Do such areas exist in your city? In what neighborhoods does massive public investment not make sense? If your city is losing population, how has it addressed the reality of shrinkage and what is its policy in this regard?

Government may sometimes not want to be explicit in public about its strategy for a neighborhood. Are there any cases of this in your city? If so, why does the city feel it cannot be open about a particular strategy? What are the implications of this approach for the neighborhood and for city/neighborhood relations?

How are the city, citizens, and private sector involved in developing neighborhood strategies? Is there a process for developing a consensus among these three sets of actors before finalizing a neighborhood strategy? What are the implications of government's undertaking a strategy without such a consensus?

Banks, homeowners, realtors, etc., make decisions about whether to invest in a neighborhood based, in part, on what they expect the city government to do or not to do in a neighborhood. How would a new property-owner in a neighborhood find out about the city's policy towards his or her neighborhood? What would neighbors and business associates tell a new resident about the city's reliability at keeping its commitments to implement the policy?

How do you determine when your objectives for a neighborhood have been achieved? What measures and indicators do you employ? After it is implemented, will the city's strategy leave the neighborhood more self-sufficient or more dependent on continuing government subsidies? If a strategy is not working as hoped, how do you change course in midstream?

What are the key trends and issues in the future that will affect your city's development of neighborhood strategies? If public sector resources become more scarce, how do you expect neighborhood strategies to change in your city?

Selecting Neighborhood Treatments

What kind of neighborhoods was your city government treating prior to CDBG? What kind of treatments were seen as appropriate at that time? In retrospect, how well did they work? What kinds of neighborhoods is your city intervening in today? Are they different from the pre-CDBG era? Are your treatments different? Why?

What is the degree of neighborhood identity and consciousness in your city? Are neighborhoods seen as fairly anonymous or highly distinctive? To what extent do you need to tailor treatments to specific neighborhood environments?

Through what process is a treatment program developed and decided on for a specific neighborhood? What sort of neighborhood analysis is undertaken in developing a treatment? How are residents and the private sector involved in selecting treatments before proceeding among all the key actors? Is there a consensus reached?

In examining a neighborhood, what factors do you consider? As compared to a healthy, stable, well-functioning neighborhood, do you know which actors are not performing their expected roles? Do you know which have broken down? Do you know which of its essential "systems" (e.g., infrastructure, credit mechanisms) are inadequate? Are your treatments designed to address these malfunctions?

Treatments can employ a wide range of public resources. Does your city see its role as simply allocating CDBG funds to a neighborhood or bringing its full range of resources and powers to bear in addressing a neighborhood's problems? Do you, for example, consider the capital improvements budget and operating budget as resources to be used in neighborhood treatment? Are there helpful things that the city can do that don't involve spending money and providing public services?

Treatments can address many different problem areas – inadequate infrastructure, deteriorating housing, declining commercial strips, needed social services. How do you decide where the city government's intervention can be most productive? In which areas does the city play the most appropriate role? Where are roles more suitably played by private or community interests? What is the process for sorting out these roles?

The size of city government's investment in a neighborhood is usually very small compared with all the private market forces at work in neighborhoods. What implications does this have for the development of a neighborhood treatments program that will have any real impact? How important is the visibility of your treatments program? How critical is the speed of implementation?

Local governments are often pressured to take action in response to various neighborhood interests. A treatment is frequently determined by the need "to do something" or because "everybody else is doing it" or "it's

an innovative idea." Have these factors in any way discouraged interventions that might have been suited to a neighborhood? When is "do nothing" or "do no harm" the most appropriate government response?

Neighborhood treatments are implemented in dynamic environments. What then is the length of time between problem identification and programs having an effect? Are the neighborhood's market conditions likely to have changed by then? If so, what impact will the treatment have, given the new environment?

Instead of working out as planned, neighborhood treatments sometimes have no effect at all, or worse, they do harm. What signals would you rely on to indicate what was happening? Do your conventional forms of neighborhood analysis or citizen participation help in this regard? If government's actions were, in fact, ascertained to be harmful, how easy would it be to withdraw from a neighborhood?

In assessing the impact of your treatment program, how do you determine the effects on the key actors in the neighborhood – current residents (homeowners and tenants)? Realtors? The media? Potential buyers? The city's operating agencies? Once the treatment program has made its impact, is the demand for additional public service likely to increase or decrease? Will the affected neighborhood be more self-sufficient, able to handle its own problems, or more government-dependent?

A key issue in the future of many urban neighborhoods will be the tight housing market and competition for housing units. Many neighborhoods will need to become more energy-conscious. Other important demographic and economic trends will affect neighborhoods in your city. Have you begun to consider which particular issues and trends might affect individual neighborhoods? Have you given any thought to how existing programs may have to be eliminated or modified so that you can respond to new issues and trends? Have you realized that there may be as much call for Section 8 in a gentrifying neighborhood as in one that is severely distressed?

Leveraging

Most cities were leveraging (especially pump priming) in the 1950's and 1960's under the Urban Renewal program, even though leveraging was not the "buzzword" of that era. In retrospect, how well did your jurisdiction's past efforts with leveraging work out? Did you evaluate your past experience with leveraging and, if so, in what ways did the lessons learned back then shape your current leveraging activities?

Leveraging can be defined in many ways. How does your city define it? Sharing in the risk of investments which might not otherwise be profitable? Attracting the largest amount of private investment? Encouraging the private sector to assume its normal business functions in an area? Figuring out how to draw private and community resources into the problem-solving process? Using one source of public funds to match funds from another?

Local governments have at their disposal a wide range of resources, both fiscal and non-fiscal, direct and indirect, that can be used to encourage private investment activity. Which resources does your city employ? HUD funds? Tax incentives/disincentives? Regulatory controls? Procurement targeting? Public borrowing? Municipal operating and capital improvements funds? How are these resources coordinated and integrated with each other?

Theoretically, leveraging is justified when the risk to the private investor is unreasonable and when some public purpose will be served by government's sharing in and reducing the risk. How does your city measure the risk involved in a potential leveraging case? What tests does a project need to pass to prove the need for public subsidy? What is the *quid pro quo* demanded of the developer in exchange for the public subsidy (jobs for low-income city residents, a seat on the board of directors, higher tax payments)?

A local government's effectiveness in leveraging is clearly related to the pattern of relationships among the public, private and community sectors in a jurisdiction. What are the traditional patterns of such relationships in your city? Which sector is dominant? Who typically takes the initiative on tackling problems? If relations are strained, what steps is city gov-

ernment taking to ease tensions? Are all parties in agreement as to what their roles and responsibilities in neighborhood stabilization and revitalization should be? If not, how might such agreement be reached?

In some cases, cities have actually taken over traditional private sector functions rather than encourage the private sector to reassume its proper role. Cities now process loan applications and make direct loans. Are these roles best suited to your local government? What advantages are there to such an approach, as opposed to getting the private sector involved again? If the city assumes private sector roles, what incentive is there for the private sector ever to take them again?

Leveraging doesn't always work out as planned. How do you measure the success of your leveraging efforts? What indicators would you use to determine if they weren't working as planned? How do you know when to stop leveraging? After you've leveraged the private sector in a neighborhood, will that neighborhood be more self-sufficient or government dependent?

Leveraging may not be an appropriate strategy in all instances. Do you ever see leveraging as an inappropriate or even harmful public activity? Are any of your leveraging activities over-heating the private market? How would you know if this were happening? Do you have flexibility to withdraw this public stimulus if you find that it is no longer needed or actually becoming harmful?

In parts of some cities, the problem is not stimulating private investment but controlling it in a way that minimizes negative effects like displacement. What options does the city have for dampening an over-heated market? How can the city steer private investment away from over-heated areas to areas in need of investment? If demand for central city real estate continues to escalate, what changes in the city's leveraging policy will be required?

In the 1980's, do you expect that more or less leveraging will be done by your city government? What trends in the city will determine this? Will increasingly tight housing markets create demands for more leveraging activity in the housing area? How well prepared is your city government for such change? ■

Notes on the History of the Project

The Neighborhood Resource Allocation Project has differed in several ways from conventional federally funded urban research. The genesis of the project, the way in which it was conducted, and other characteristics may therefore be of interest to a variety of people concerned about the role of research in elucidating and improving the conduct of urban neighborhood development.

To begin with, the project originated with practitioners themselves, specifically the members of the Community and Economic Development Task Force of the Urban Consortium. The Consortium, established in 1975, is an alliance of the nation's thirty-six largest cities and urban counties devoted to influencing the research priorities of the federal government, notably of HUD, HEW and Commerce. The Community and Economic Development (CED) group consists of more than a dozen planning directors, economic and community development officials, mayoral staff and others who have been especially concerned with neighborhood issues.

The concern with a better understanding of and approach to neighborhood resource allocation crystallized at a CED Task Force meeting in September, 1976. In the course of discussions and the review of papers intended to identify priority research and development needs, the group more and more frankly acknowledged that neighborhood maintenance and improvement was a little understood art, even among the most

sophisticated practitioners. By December, CED staff (from Public Technology, Inc.) had developed and circulated a concept paper which was reviewed at a meeting in Boston. It was now the group's consensus that a proposal to HUD was in order with its objective an exploration of the neighborhood resource allocation process.

If the gradual coalescence of many discrete research items into the larger subject of neighborhood resource allocation was a first notable feature of the project, its second was the choice of a research team. This of course had to be decided before a proposal could be submitted. Since the subject itself came from city people and was so germane to their daily work, some participants began to argue that city people ought to carry out the research, or at least a good part of it. This is clearly not the way urban research has usually been done, although it is now becoming somewhat more common. Academics or consulting firms have normally been thought of as the appropriate people to as the diagnosis is carried out. City people, the argument goes, are neither trained nor equipped to conduct urban research. They are apt to be badly biased in any such work, or hampered by unsuitable management arrangements.

These were and are arguments that cannot be lightly set aside, even by the most partisan city official; but there are other arguments which seemed at least worth making. Among them: that city people speak a common language and can communicate with one another in ways that are often denied academic observers; that they have a peculiarly immediate sense of the issues involved; and that they should logically be more concerned about communicating the results of their work to other practitioners than academics, whose chief audience is usually the research community itself, and its perennial funding sources.

Because of its participation in shaping the project, the City of Boston was nominated by the Urban Consortium to become lead city, should the project be funded. Supporting the effort would be researchers at the Department of Urban Studies and Planning at the Massachusetts Institute of Technology, and personnel from Public Technology, Inc., secretariat to the Urban Consortium.

This combination of interests and abilities garnered considerable support from Consortium jurisdictions. Several mayors personally appeared before the Secretary or HUD to argue for the project, and several more supported it with letters of recommendation. They argued that in choosing a city to lead an urban research effort, HUD would be funding work explicitly *on behalf of* and *for the benefit of* clients who, in some cases, felt that their needs were not well served by academic approaches to urban problems and issues.

After revising the proposal on HUD's assurance that funds had been set aside, the City of Boston was awarded a grant to undertake the research. The award was made on September 30, 1977, a little more than a year after the CED Task Force had articulated what it felt to be the overwhelming research need in its area of concern.

The steps which then immediately followed were not, in appearance, much different from those which might have been taken by an academic research team, with some exceptions. The major one was the appointment of an Advisory Committee of city officials. These individuals were chosen for their known interest in the project and their willingness to commit a considerable amount of time and thought to the conduct of the project. Far from being window dressing, advisory group members found themselves frequently called on to help shape research design and to open doors to other officials as preliminary study instruments were being developed.

The MIT and PTI contractors went about the large tasks of reviewing, respectively, the academic literature relevant to neighborhood resource allocation and federally funded research and demonstration projects which might be of interest. The City of Boston team assigned or hired staff and began its first round of investigation by designing and distributing a mail questionnaire to the thirty-six Consortium member jurisdictions. Potential respondents (several in each jurisdiction) were identified largely through the Consortium network and included community development, planning, housing staff, etc.

With a vivid awareness of the number of such questionnaires that descend on city officials and the increasingly resentful way in which they are received, the team made every effort to minimize questions that could be answered just as well from published sources

and to increase the interest and value of the questionnaire by providing city officials with information they might not have at hand, as well as maps of their cities to ease the identification of relevant areas.

This sympathy for the respondent needs to be stressed. Having themselves ignored questionnaires or turned them over to junior staff, or simply thrown many of them in the waste basket, the project principals knew that nothing is more annoying to a city official than to be treated like an automatically responsive resource, especially by researchers who have not bothered to do their elementary homework.

An evidence of the success of the questionnaire, the patient follow-up phone calls and even in some cases mailgrams to respondents, was the final return of questionnaires from every jurisdiction. By this time the project team had accumulated a remarkable store of information about what jurisdictions were doing in regard to neighborhood resource allocation around the nation.

In preparation for the phone interviews, project staff developed summaries based on a variety of source materials, including a review of CDBG applications on file at HUD, responses to the mail surveys, the comments of Federal officials, and a fact sheet of basic information concerning the local economy, demographics, and governmental structure. Of particular note at this stage was the usefulness of local newspapers. Indeed as part of its effort to become better informed about cities prior to making telephone contact, the project team subscribed to and closely monitored more than thirty daily newspapers.

The phone interviews were open-ended, but structured. Two interviewers were assigned to each jurisdiction and called one respondent each. Interviewers solicited comments on a set of topical issues such as targeting/spreading, triage, citizen participation and the like, in order to achieve comparability when interviewers later compared notes, revised city profiles and began making decisions about which cities should be chosen for site visits.

With the phone interviews, a leap forward took place in the richness of the entire enterprise. Several things about the phone interviews are worth noting in this regard. First of all, the fear of some researchers that city officials would be reticent about the realities of the allocation process proved to be almost entirely groundless. The rapport established by the interviewers, all themselves involved in a similar process, led to conversations of striking frankness in many cases, so much so that it was with regret that the team realized many of them could not be used verbatim. It was as if the questionnaires had been completed for public consumption and the subtleties reserved for the more informal phone call.

The phone interviews lent a reality and fascinating complexity to the mail surveys. The political circumstances, for example, which produced this or that program emerged in a way that they could not imaginably have through a questionnaire. Nuances and enigmas began to emerge, and as they did, the actual allocation practices – a housing rehab program here, a neighborhood health center there, a "comprehensive" package of infrastructure improvements and store-front fix-up somewhere else – became less and less significant in and of themselves. What began to gain importance was an attempt to grasp certain patterns, to explain why, for example, a knowledgeable respondent in one city had never heard of "triage," while in another, the term was so "hot" it couldn't be used. Why was targeting no problem at all in City Y, while in City Z it had put local officials at loggerheads with HUD? Or why did this official preach citizen participation like a true believer, while that official treated it like a dangerous beast?

Indeed, these differences led to the feeling within the project team that the local *context* was an important and little considered aspect of neighborhood resource allocation. Their experience up to that point also persuaded the team that what local officials lacked – far more than information about specific practices elsewhere – was perspective on their own situations or rudimentary explanatory principles that would help them understand *why* they had a problem with citizen participation – or why they did not. Out of the work on context, a concept of growing importance emerged – that of expectations. Difficult as they knew it would be to document, the project team became increasingly intrigued by the axis of "needs/rights -earn/deserve" popularized by Yankelovitch.

At this stage, site visits began. Among the subject cities were San José, Seattle, Denver, Houston, Balti-

more, Philadelphia, Pittsburgh, and Memphis, and the urban county of Dade. Supplementary material was gathered from San Francisco, Chicago, Cincinnati, Jacksonville, San Diego, Kansas City, and Phoenix. Boston itself was reviewed last and to minimize local bias, by a consultant. Jurisdictions were selected according to a range of criteria: geographic distribution, size, form of government, resource allocation practices notable for success and/or innovation, and even, where this had been revealed, failure. Also weighing heavily in the selection decision was a desire to include jurisdictions which project staff felt, on the basis of the information already collected, stood at different points along the "earn/deserve-needs/rights" continuum.

Site visits extended over a period of five months. A team of between three and five people spent two or three days in each jurisdiction. Interviews were conducted with planners, CD administrators, functional specialists (i.e. housing, social services, etc.), mayoral advisors, budget staff and council members. In addition to local government officials, the team met extensively with representatives of neighborhood groups and citywide coalitions, municipal "watchdog" bodies, local academicians, merchant groups, bankers, realtors, developers, and journalists. Of the site visits several aspects are worth noting. As had already been discovered in the telephone contact, a rapport between city staff researchers and city staff respondents was readily achieved. Again, this could be attributed to a common language and a common set of concerns. In fact respondents were frequently sidetracked from discussing aspects of their allocation process by their curiosity about the researcher's own city (and other jurisdictions encountered through the project). It must also be said that the rapport with and the responsiveness of most of those interviewed had much to do with the preparedness of the project team. Respondents were usually surprised and relieved at not having to provide the basic facts about their city.

As each site visit ended, the project staff sat down with their respective interview notes, and together developed a portrait of each jurisdiction. There was a careful effort to ensure accuracy in the case studies developed. If in fact some apparently important questions had been left unanswered a call was made back to the jurisdiction in question. If some of the observations were in doubt an entire write-up was submitted to one of the local respondents for confirmation.

With the case studies completed, the project team commenced the hundreds of hours of discussion and debate that led eventually to the final version of this report. The goal has been to *understand* rather than to measure, and to probe complicated and sometimes taboo subjects and procedures. It is hoped that this somewhat unconventional research approach has shed new light on those issues which are the heart of the neighborhood resource allocation process. ■

Jurisdictions Surveyed As Part Of This Study

Atlanta, Georgia
Baltimore, Maryland
Boston, Massachusetts
Chicago, Illinois
Cleveland, Ohio
Columbus, Ohio
Dade County, Florida
Dallas, Texas
Denver, Colorado
Detroit, Michigan
Hennepin County, Minnesota
Hillsborough County, Florida
Houston, Texas
Indianapolis, Indiana
Jacksonville, Florida
Jefferson County, Kentucky
Kansas City, Missouri
King County, Washington
Los Angeles, California
Maricopa County, Arizona
Memphis, Tennessee
Milwaukee, Wisconsin
New Orleans, Louisiana
New York City, New York
Philadelphia, Pennsylvania
Phoenix, Arizona
Pittsburgh, Pennsylvania
Prince George's County, Maryland
St. Louis, Missouri
San Antonio, Texas
San Diego, California
San Diego County, California
San Francisco, California
San José, California
Seattle, Washington
Washington, District of Columbia

Additional copies of this book are available from:

Neighborhood Resource Allocation Project
Neighborhood Development Agency
182 Tremont Street
Boston, Massachusetts 02111

Price: $4.50 (including postage and packing)

Also available at the same address is a literature review of neighborhood resource allocation, including an annotated bibliography, prepared by Dr. Phillip L. Clay of the Massachusetts Institute of Technology.

Price: $3.95 (including postage and packing)

If you have any specific questions about issues raised in *Dividing the Pie* please feel free to contact:

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